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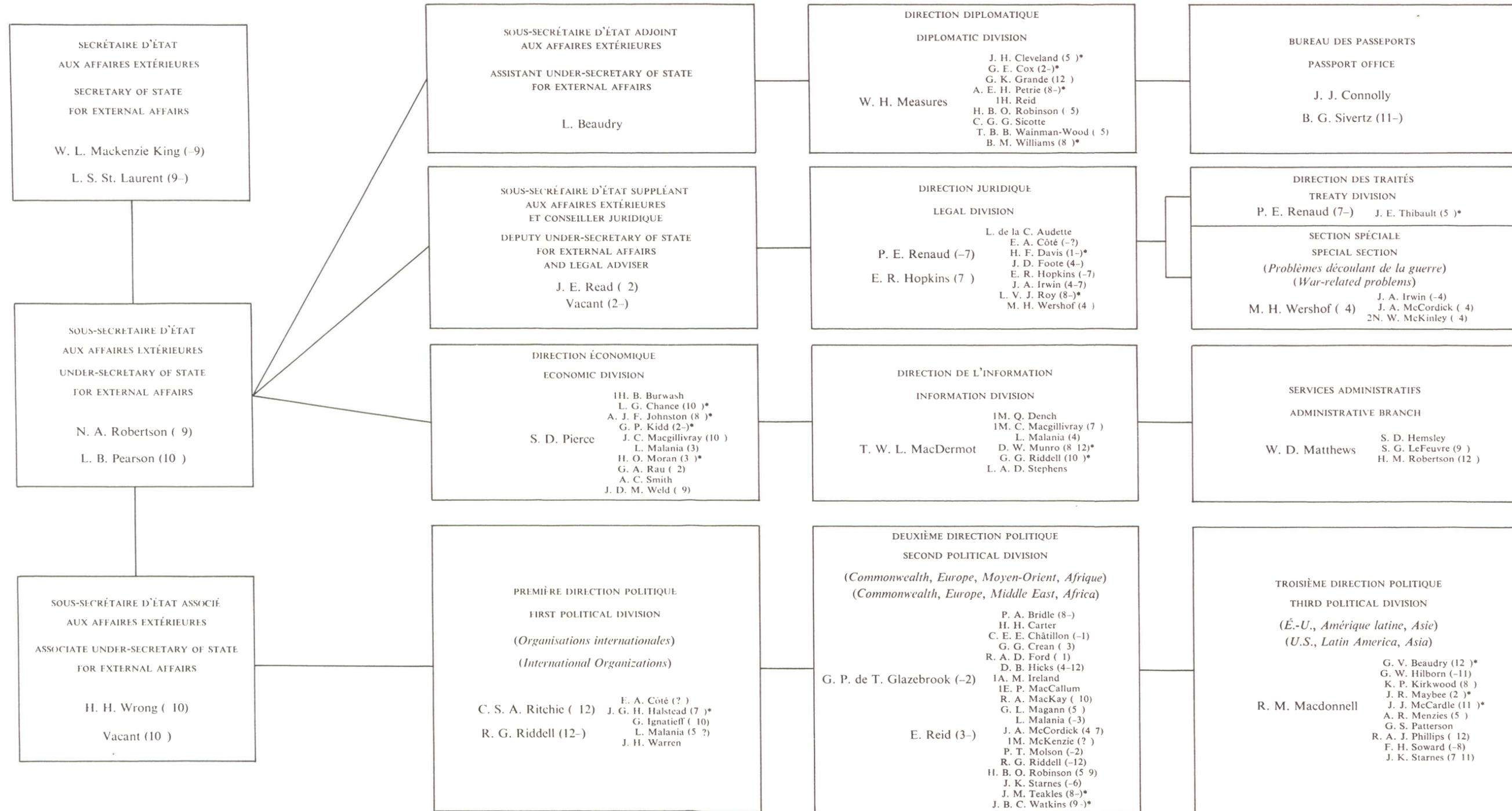


DOCUMENTS RELATIFS AUX  
RELATIONS EXTÉRIEURES DU CANADA



DOCUMENTS ON CANADIAN  
EXTERNAL RELATIONS





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DOCUMENTS RELATIFS AUX  
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DOCUMENTS ON CANADIAN  
EXTERNAL RELATIONS

VOLUME 12

1946

Compilé par / Edited by  
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University of Saskatchewan  
Regina Campus

MINISTÈRE DES AFFAIRES EXTÉRIEURES  
DEPARTMENT OF EXTERNAL AFFAIRS

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REPRESENTATIVES ABROAD.....(back end-paper)

## INTRODUCTION

La paix revenue après six ans de participation intense à la plus grande crise des temps modernes, le Canada a dû répondre à un défi: vivre dans un monde très différent de ce qu'il avait connu auparavant. Les documents reproduits dans ce volume montrent l'évolution de la position du Canada sur le plan international ainsi que la politique extérieure élaborée principalement sous les auspices du ministère des Affaires extérieures et d'un petit groupe de fonctionnaires des autres ministères pour relever les défis de cette époque. Avant d'aborder cet ouvrage, le lecteur devrait se renseigner sur les activités du Ministère à qui l'on doit la majorité des 1 277 documents choisis parmi les 9 598 dossiers consultés.

Le jour de la fête du Dominion, en 1943, le Premier ministre William Lyon Mackenzie King affirma avec fierté que, «au cours de la présente guerre mondiale, de simple nation qu'il était, le Canada s'est élevé aux yeux de tous au rang de puissance mondiale.» La nécessité de faire face à la situation découlant de la guerre avait donné au Canada une place plus importante dans le concert des nations que celle qu'il aurait obtenue si les critères traditionnels avaient prévalu. Dans ce monde bouleversé, il s'était déclaré moyenne puissance et avait entrepris, dans le cadre de son principe de représentation proportionnelle,<sup>1</sup> de prouver qu'il ne s'agissait pas de vantardise sans fondement. Mais ce principe ne fut jamais accepté par les autres puissances, de sorte que le Canada a dû prendre position sur des questions qui ne le concernaient pas directement afin de garder son rang de moyenne puissance. Alors qu'à la Société des Nations il avait affirmé son indépendance par sa seule présence, aux Nations Unies, en revanche, la confirmation du statut qu'il s'était lui-même donné l'a obligé à prendre et de soutenir des initiatives proprement canadiennes en matière de politique. La politique d'isolement d'avant-guerre fut rejeté comme un anathème et en 1946, les grands espoirs entretenus pendant la guerre furent projetés sur la scène internationale.

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<sup>1</sup> Le principe de la représentation proportionnelle fut expliqué à la Chambre des communes par le Premier ministre le 9 juillet 1943 (Chambre des communes, *Débats*, 1943, volume V, p. 4688):

D'une part, l'autorité en affaires internationales ne doit pas être confiée exclusivement aux grandes puissances. D'autre part, l'autorité ne peut être partagée également entre les trente États souverains ou plus dont se composent les Nations Unies, sans quoi il n'y aura plus d'autorité efficace. . . . Le Gouvernement est d'avis que la représentation efficace . . . ne doit ni être restreinte aux grandes puissances ni s'étendre nécessairement à tous les États. La représentation devra être déterminée sur une base proportionnelle d'après laquelle seront membres titulaires les pays, petits ou grands, qui sont le plus en mesure de contribuer à la réalisation de l'objectif particulier à atteindre.

## INTRODUCTION

As Canada returned to peacetime existence after six years of extensive participation in the greatest crisis of modern times, she was confronted by the challenge of living in a world very different from that which she had known in the past. The documents contained in this volume portray Canada's changing international posture and the external policy developed primarily under the auspices of the Department of External Affairs and a small group of officials from other departments to meet the challenges of that time. Before using this volume the reader should develop some appreciation of the operations of the department responsible for the majority of the 1,277 documents selected from the 9,598 files that were examined.

On Dominion Day of 1943 Prime Minister William Lyon Mackenzie King proudly affirmed that in "the course of the present war we have seen Canada emerge from nationhood into a position generally recognized as that of a world power." The exigencies of responding to a wartime situation had given Canada a higher position in the world power structure than was justified by the yardstick of traditional prerequisites for recognition. In this changed world she had christened herself a Middle Power and set out within the context of her functional principle<sup>1</sup>, to prove that this was no idle boast. But her functional principle was never accepted by the other powers with the result that she found herself called upon to take positions, for the sake of maintaining her status as a Middle Power, on issues which did not directly involve her. Whereas in the League of Nations she had asserted her independence by her mere presence, in the United Nations confirmation of her self-proclaimed status required the development and pursuit of Canadian-bred policy initiatives. Pre-war isolation was rejected as an anathema and 1946 became the year for projecting her high hopes of wartime planning onto the international stage.

Of necessity, Canada became vitally concerned with establishing a better basis for international trade and commerce in a peaceful environment. In spite of this, one of the least understood elements of Canada's post-war internationalism has been her foreign economic policy. Yet more than anything else

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<sup>1</sup> Le principe de la représentation proportionnelle fut expliqué à la Chambre des communes par le Prime Minister on July 9, 1943 (House of Commons, *Debates*, 1943, Volume V, p. 4558):

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

Par la force des choses, le Canada s'intéressait surtout à l'amélioration des bases du commerce international dans un monde en paix. En dépit de cela, l'un des éléments les moins compris de l'internationalisme d'après-guerre professé par le Canada a été sa politique étrangère économique. Pourtant, plus que toute autre chose, celle-ci a déterminé les décisions du Cabinet sur les questions internationales. Ni le ministère des Affaires extérieures ni celui du Commerce en étaient les instigateurs, mais bien le ministère des Finances, où chaque mesure était soigneusement calculée par le sous-ministre, M. W. C. Clark, en vue de développer la prospérité canadienne et non la charité. Le ministère des Finances possédait un groupe de spécialistes financiers dont la participation à la reconstruction économique internationale tendait, dans ce domaine, à confiner le ministère des Affaires extérieures dans le rôle de bureau de poste. Voilà pourquoi l'histoire des relations extérieures du Canada ne se trouve pas uniquement dans les dossiers du ministère des Affaires extérieures. Les questions de secours, de reconstruction, de taux de change et de balance des paiements étaient toutes liées au désir qu'avait le Canada de renforcer les organismes financiers internationaux récemment mis sur pied. Lors de la Conférence de paix de Paris en 1946, M. Brooke Claxton, le président de la délégation canadienne, a déclaré ce qui suit: «We believe that peace is not merely the absence of war but the positive establishment of prosperity. Trade between nations, like the well-being of the people within each nation, is a main pillar on which to build the structure of a lasting peace.»<sup>2</sup> Ceux qui géraient l'économie canadienne se rappelaient la crise consécutive à la Première guerre mondiale et l'aggravation de la situation causée par la politique américaine de tarifs douaniers très élevés. Pendant la Seconde guerre mondiale, la capacité de production du Canada s'était tellement développée que le pays était devenu le deuxième fournisseur mondial. Tout le monde savait ce qui se passerait sur le plan intérieur si le Canada ne pouvait maintenir cette productivité après la guerre grâce aux exportations. Étant donné la nature et l'étendue de sa contribution à l'effort de guerre, le Canada était devenu plus vulnérable aux fluctuations de la conjoncture économique internationale. C'est ainsi que le Canada fut un participant très actif aux conférences précédant la création du FMI, de UNRRA, de l'OAA, de l'OMS, de l'OPACI, de la BIRD et de l'OIC, qui n'eut pas de lendemain. Cela a incité d'autres ministères, comme celui du Travail, à mettre alors sur pied leurs propres directions chargées de traiter les problèmes d'intérêt international.

La réputation enviable que s'était faite le Canada en mettant des ressources considérables à la disposition de l'aide mutuelle, du secours militaire et des programmes de l'Administration des Nations Unies pour le secours et la reconstruction avait incité ses alliées d'Europe et d'Amérique latine à attendre une participation bilatérale accrue du Canada. Ils ont tenté d'obtenir, parfois de façon gênante, des garanties concernant l'accès continu aux vastes ressources physiques et aux maigres ressources financières du Canada. Car eux aussi avaient compris que derrière les grands discours sur la paix se cachait

<sup>2</sup> Voir le document 72.

it determined the Cabinet's decision-making on international issues. The force behind this was neither External Affairs nor Trade and Commerce, but the Department of Finance where every move was carefully calculated by its Deputy Minister, W. C. Clark, to advance Canadian prosperity, not charity. The Department of Finance had a group of financial experts whose involvement with international economic reconstruction tended to relegate External Affairs to the role of a post office in these transactions. For this reason the record of Canadian external relations cannot be found solely within the files of the Department of External Affairs. Questions of relief, rehabilitation, exchange rates and balance of payments were all bound up with Canada's desire to strengthen the newly created international financial agencies. At the Paris Peace Conference in 1946 the Chairman of the Canadian delegation, Brooke Claxton, announced that: "We believe that peace is not merely the absence of war but the positive establishment of prosperity. Trade between nations, like the well-being of the people within each nation, is a main pillar on which to build the structure of a lasting peace."<sup>2</sup> Those who managed the Canadian economy remembered the slump that had followed the First World War and the aggravation caused by the American policy of high tariffs. During the Second World War Canada's productive capacity had so expanded as to make her the second largest supplier in the world. No one had to be told of the domestic consequences that would follow if Canada could not sustain that productivity through exports abroad after the war. By the nature and extent of her contribution to the war effort she had made herself more vulnerable to shifts in the international economic climate. For that very reason Canada was a most concerned participant in the conferences preceding the appearance of the IMF, UNRRA, FAO, WHO, PICAQ, IBRD, and the abortive ITO. This type of involvement led other departments, such as Labour, to establish at this time their own divisions for handling matters of international concern.

Canada's enviable record of putting vast resources at the disposal of Mutual Aid, Military Relief and the United Nation's Relief and Rehabilitation Administration programmes had led her European and Latin American allies to expect greater Canadian bilateral involvement. Sometimes in an embarrassing way, they sought assurances of continued access to Canada's vast material and slim financial resources. For they too realized that underneath all the jargon of peace on earth was an innate Canadian desire to advance her status and prosperity through increased contacts abroad. By the end of 1946 seven countries had established legations in Ottawa for which Canada could not reciprocate and a host of others were anxious to negotiate an exchange of diplomatic representatives. This phenomenon and its subsequent demands upon a limited number of skilled diplomats is reflected in the documents.

In responding to both its own needs and the changing world scene, the Department of External Affairs had its parameters and operations altered. For as long as the Prime Minister served as Secretary of State for External Affairs and the Cabinet Secretariat was in an embryonic stage, it was convenient for

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<sup>2</sup> See Document 72.

le désir intrinsèque qu'avait le Canada d'améliorer son statut et sa prospérité en augmentant les débouchés extérieurs. À la fin de 1946, sept pays avaient établi des légations à Ottawa, mais le Canada ne pouvait pas offrir de contrepartie, et beaucoup d'autres cherchaient à négocier un échange de représentants diplomatiques. Ce phénomène et les exigences que cela représenta ensuite pour un nombre limité de diplomates expérimentés apparaissent dans les documents.

Pour répondre à la fois à ses besoins et à un monde en changement, le ministère des Affaires étrangères a dû modifier ses paramètres et ses activités. Tant que le Premier ministre assumait le rôle de secrétaire d'État aux Affaires étrangères et que le secrétariat du Cabinet fut à l'état embryonnaire, il était commode pour le Premier ministre d'utiliser le Ministère pendant la guerre comme réservoir de personnes compétentes pour des projets spéciaux. Dans la planification et l'exécution de ces programmes, le ministère des Affaires étrangères était devenu le ciment de la structure de la Fonction publique. Ainsi, les fonctionnaires qui auraient dû donner des conseils et des directives aux autres ministères traitant de questions de portée internationale furent littéralement submergés par des questions techniques portant sur les priorités dans la navigation aérienne, les prisonniers de guerre, les formalités frontalières, la censure et la guerre économique et psychologique. Tous ces projets étaient importants en eux-mêmes, mais ne faisaient pas partie des fonctions normales consistant à analyser les affaires étrangères pour ensuite recommander une politique et mettre à exécution la politique choisie dans le domaine diplomatique. À la fin de la guerre, on a découvert que le démantèlement de cet appareil et l'adaptation de la structure centralisée du Ministère aux conditions de 1946 n'étaient pas chose facile. Le fait que manifestement ni le titulaire du poste de sous-secrétaire d'État aux Affaires étrangères ni son successeur ne possédaient d'aptitude administrative pour effectuer une transformation efficace rendit la tâche d'autant plus difficile.

Pendant vingt des trente-sept années d'existence du Ministère, et continuellement depuis 1935, le Premier ministre King avait cumulé son portefeuille avec celui de secrétaire d'État aux Affaires étrangères. Le 4 septembre 1946, le poste fut cédé à M. Louis St. Laurent, dont les opinions sur la situation mondiale et le rôle que devait jouer le Canada différaient largement de celles du Premier ministre, tout en étant plus proches de celles de ses principaux conseillers. Durant la guerre, il avait vu le Canada quitter sa place de spectateur-commentateur pour aller s'asseoir au banc des joueurs. Sous sa direction dans la lutte qui s'annonçait, le Canada essaierait de jouer son propre jeu en se présentant comme un arbitre international parmi les grandes puissances.

Simultanément, les trois plus hauts fonctionnaires du Ministère furent déplacés. M. Norman Robertson, qui occupait le poste de sous-secrétaire

the Prime Minister to use the Department as a reservoir of skilled people for special wartime projects. In the planning and execution of these programmes, External Affairs had become the putty of the civil service structure. Thus officials who should have been giving advice and direction to other Departments whose work flowed into the international arena, found themselves submerged in technical questions of air priorities, prisoners of war, frontier formalities, censorship and economic psychological warfare. All these projects were important in themselves but outside the normal duties of analyzing foreign affairs, recommending policy thereon and carrying out the accepted policy in the diplomatic field. At the end of hostilities it was discovered that the dismantling of this wartime apparatus and adaptation of the basic centralized structure of the Department to the conditions prevailing in 1946 was no easy task. The fact that neither the incumbent Under-Secretary of State for External Affairs nor his successor possessed any demonstrable administrative capabilities for executing an efficient transformation made it all the more difficult.

For twenty of the Department's thirty-seven years, and continuously since 1935, Prime Minister King had concurrently been Secretary of State for External Affairs. On September 4, 1946, the position was relinquished to Louis St. Laurent whose views on the world situation and Canada's part therein were much different from the Prime Minister's and closer to that of his senior advisers. During the war he had watched Canada throw off the trappings of the spectator-commentator and take her seat on the players' bench. Under his leadership in the forthcoming fray, Canada would attempt to play her own game under the guise of an international referee among the great powers.

Simultaneous with this change occurred a triple shuffle of the Department's three top career officers. Mr. Norman Robertson, who had carried the burden of Under-Secretary of State for External Affairs since Dr. Skelton's death in 1941, left for a well-earned rest as High Commissioner in Great Britain. No detail of the Department's varied operations during the war had been too small for his personal attention. Added to this burdensome method of centralized administration was the continual flow of demands of the Prime Minister who made few policy decisions without consulting him. The constant pressure of long hours of work had taken its toll and Robertson no longer possessed the energy required for leading Canada down untrodden paths. His replacement was Canada's Ambassador to the United States, Lester B. Pearson, who had already demonstrated how he thrived on challenges, activity and new responsibilities. With St. Laurent's blessing he would prove that Canada had an important role to play in the international arena. The post in Washington vacated by Pearson was filled by H. Hume Wrong who as Associate Under-Secretary of State for External Affairs was known for his administrative talents and his chairmanship of the Working Committee on Post-Hostilities Problems. It was Wrong who had done so much to prepare Canada for her role in the United Nations.

d'État aux Affaires extérieures depuis la mort de M. Skelton en 1941, méritait bien un repos et le poste de haut commissaire en Grande-Bretagne lui fut confié. Aucun détail des activités variées du Ministère durant la guerre, quelle qu'en soit l'importance, ne lui avait échappé. Outre cette administration centralisée très pesante, il devait faire face à un flot continu de demandes de la part du Premier ministre, qui prenait très peu de décisions concernant la politique à suivre sans le consulter. Payant la pression constante de longues heures de travail, M. Robertson n'avait plus l'énergie nécessaire pour guider le Canada dans des voies jusqu'alors inexplorées. Son successeur fut M. Lester B. Pearson, ambassadeur aux États-Unis, qui avait déjà démontré son enthousiasme devant les défis, l'activité et les nouvelles responsabilités. Avec l'appui de M. St. Laurent, il devait prouver que le Canada avait un rôle important à jouer sur la scène internationale. Le poste de Washington laissé vacant fut occupé par M. H. Hume Wrong qui, en tant que sous-secrétaire d'État associé aux Affaires extérieures, était connu pour ses qualités d'administrateur et l'exécution brillante des fonctions de président du Comité de travail sur les problèmes d'après-guerre. C'est lui qui avait tant fait pour préparer le Canada au rôle qu'il aurait à jouer aux Nations Unies. Malheureusement, il avait accordé très peu de temps à l'élaboration d'une structure administrative connexe. Ainsi, ce remaniement a rehaussé le côté politique du Ministère, mais a aussi consacré le retard qu'aurait toujours l'appareil administratif par rapport à ses besoins.

Sans planification administrative préalable, le système déjà surchargé fut incapable d'absorber sans à-coups ses nouvelles responsabilités, ce qui explique les trois ans d'expérimentation organisationnelle qui commencèrent

TABLEAU 1

CROISSANCE DU MINISTÈRE DES AFFAIRES EXTÉRIEURES DE 1939 À 1947<sup>3</sup>

Année	Cadres	Autres employés	Missions à l'étranger	Représentation aux conférences et réunions internationales	Accords conclus	Dépenses de fonctionnement, en dollars, pour l'année financière
1939.....	33	141	11	20	13	1,005,708.37
1940.....	30	283	12	— <sup>4</sup>	10	1,161,099.82
1941.....	49	343	16	—	10	958,366.96
1942.....	61	313	21	—	20	990,809.50
1943.....	69	405	23	—	21	1,547,905.48
1944.....	72	402	25	12	41	2,171,531.91
1945.....	107	495	26	27	30	2,205,948.71
1946.....	132	638	26	102	57	4,904,703.81
1947.....	162	840	36	102	60	5,127,915.55

<sup>3</sup> Sources: *Rapport annuel du secrétaire d'État aux Affaires extérieures et Comptes publics du Dominion du Canada*, de 1939 à 1947.

<sup>4</sup> Renseignements non disponibles.

Unfortunately little of his time was devoted to designing an accompanying administrative structure. The triple shuffle enhanced the policy side of the Department but ensured that its administrative apparatus would always lag behind its needs.

Without the prerequisite administrative planning an already overworked structure was incapable of smoothly absorbing its new responsibilities. This accentuated deficiency accounts for the three-year period of organizational experimentation that began in 1946. In the past when the Department was much smaller there had been benefits from organizing its activities around the abilities of its senior officers and the reactive demands of international relations. This was no longer possible and in 1945-1946 the Department began a sometimes painful and always unsettling allocation of people and responsibilities within the divisional framework established in 1944. Because of the number of changes made, an organization chart of the headquarters of the Department has been included inside the front cover for the user's reference. The preparation of this organization chart has been a tedious process. The Historical Section of the Department of Industry, Trade and Commerce and the Directorate of History in the Department of National Defence have retained reasonably complete personnel records. Unfortunately the same was not done in the Department of External Affairs where complete records have been kept on only the senior officers. Since this was a period of great mobility in the civil service and before comprehensive records were kept by the Public Service Commission, the whereabouts and movements of many junior officials are difficult to trace from the surviving and incomplete, and at times contradictory, telephone directories and quarterly

TABLE 1

GROWTH OF THE DEPARTMENT OF EXTERNAL AFFAIRS, 1939-1947<sup>3</sup>

Year	Officers	Other employees	Posts abroad	Representation at international conferences and meetings	Agreements concluded	Operational expenditures in dollars for fiscal year
1939.....	33	141	11	20	13	1,005,708.37
1940.....	30	283	12	— <sup>4</sup>	10	1,161,099.82
1941.....	49	343	16	—	10	958,366.96
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1946.....	132	638	26	102	57	4,904,703.81
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<sup>3</sup> Sources: *Annual Report of the Secretary of State for External Affairs and Public Accounts of the Dominion of Canada, 1939-1947.*

<sup>4</sup> Information not available.

en 1946. Par le passé, lorsque le Ministère était beaucoup plus petit, il avait été profitable d'organiser ses activités en fonction des aptitudes de ses hauts fonctionnaires et des exigences des relations internationales. Cela n'était plus possible et en 1945-1946, le Ministère commença à répartir, non sans difficulté, les personnes et les responsabilités au sein de la structure administrative créée en 1944. Étant donné le nombre de modifications apportées, un organigramme de l'administration centrale du ministère a été inclus au début du volume, sur la face interne de la couverture, pour la gouverne du lecteur. La préparation de cet organigramme n'a pas été tâche facile. La Section historique du ministère de l'Industrie et du Commerce et la Direction historique du ministère de la Défense nationale ont gardé des dossiers assez complets sur le personnel. Malheureusement, tel n'est pas le cas pour le ministère des Affaires extérieures, où il n'existe des dossiers complets que pour les hauts fonctionnaires. Puisqu'il s'agissait d'une période de grande mobilité au sein de la Fonction publique, avant que des dossiers complets soient gardés par la Commission de la Fonction publique, les déplacements et les lieux d'affectation d'un bon nombre de fonctionnaires subalternes sont difficiles à déterminer d'après les répertoires téléphoniques et les listes ministérielles trimestrielles qu'on a pu retrouver, incomplets et parfois même contradictoires. Ceci dit, l'organigramme et la liste des représentants à l'étranger qui se trouve à la fin du volume, sur la face interne de la couverture arrière, donnent une image aussi complète et aussi précise que possible.

L'étendue des nouvelles activités du Ministère est bien montrée dans le tableau 1. En un an, le nombre d'accords internationaux conclus avait presque doublé, son budget avait plus que doublé et sa représentation aux réunions et conférences internationales avait quadruplé. Pour ce faire, le personnel fut augmenté de vingt-deux pour-cent et l'on demanda encore plus d'années-hommes pour l'année suivante. Tous ces indices de croissance entraînaient des ajustements perturbateurs qui expliquent la plupart des lacunes de la documentation présentée dans ce volume, sans compter le vide inestimable causé par la perte de cinquante-neuf dossiers du ministère des Affaires extérieures qui auraient pu être très parlants. Malheureusement, les dossiers qu'ont conservés les autres ministères qui ont participé aux délibérations sur des questions internationales ne suffisaient que rarement à remplir ce vide.

Cet ouvrage contient plus de mémorandums de fonctionnaires moins importants que les volumes déjà parus. Cela, premièrement parce qu'ils jettent un peu de lumière sur les conseils, suivis ou non, qui ont été prodigués aux principaux acteurs. Ces mémorandums permettent d'apprécier les tensions, les suppositions et les erreurs auxquelles faisaient face les responsables, faute de leurs comptes rendus de la prise des décisions. En deuxième lieu, ils contiennent souvent le seul énoncé d'une politique mis sur papier par un fonctionnaire rédigeant en toute hâte un texte pour une délégation sur le départ et dont les membres venaient à peine d'apprendre leur nomination. Ainsi,

departmental lists. Subject to these qualifications the departmental organization chart and the list of representatives abroad inside the back cover give as complete and as accurate a picture as possible.

The extent of the Department's expanded activities is illustrated in Table 1. Within the year the number of international agreements concluded had almost doubled, its budget had more than doubled, and its representation at international meetings and conferences had quadrupled. For these undertakings its staff was increased by twenty-two percent and demands were made for an even larger increase the following year. Each of these indices of growth caused unsettling adjustments that account for many of the shortcomings of the documentation presented in this volume, in addition to the indefinable gap left by the loss of fifty-nine potentially significant External Affairs files. Unfortunately the surviving records of other Departments involved in specific external operations seldom filled the vacuum.

More than the preceding volumes, this volume contains the memoranda of lesser officials. First because they throw light on the advice, whether followed or not, that was given to the principal actors. These memoranda allow for an appreciation of the stresses, assumptions and delusions under which the policy-makers laboured in the absence of their own record of decision-making. Secondly, they often contain the only statement on policy that was committed to paper by an official dashing off something for a departing delegation whose members had only recently learned of their appointment. Thus officers who only a few months before had received their initiation at the "University of the East Block" were liable to be asked for policy recommendations on subjects they knew little about and their superiors even less. One diarist at the time thus described his morning's work in the Department of External Affairs:

All morning a stream of interesting and informative telegrams and despatches from missions abroad comes pouring across my desk. I am tempted to read them all and to try to understand what is really happening, but if I do that I have not time to draft answers to the most immediate telegrams and despatches crying out for instructions. I must skim through everything with my mind concentrated on immediate practical implications. If I try to be objective and to comprehend all the issues I am lost. I draft telegrams and speeches under pressure, short-term considerations uppermost—"Will the Prime Minister sign this?"—"Are we not too short of personnel to be represented at this or that international meeting?" This is the way policy is made on a hand-to-mouth basis out of an overworked official by a tired politician with only half his mind on the subject.<sup>5</sup>

At the top, pyramids of memoranda and telegrams rose on the Under-Secretary's desk for weeks on end with only the most urgent being cleared off each day. A tradition of openness at the top meant that matters of immediate significance were settled orally among the senior echelon of officers. Paper work was too often tedious and superfluous. Robertson seldom committed his views to paper because he had easy access to the Prime Minister

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<sup>5</sup>Diary entry for September 7, 1945 in Charles Ritchie, *The Siren Years—A Canadian Diplomat Abroad, 1937-1945*. (Toronto: Macmillan, 1974), p. 208.

des fonctionnaires n'ayant que quelques mois d'expérience après leur initiation à «l'Université de l'Édifice de l'Est» devaient à l'occasion donner des recommandations de politique sur des sujets qu'ils connaissaient à peine et leurs supérieurs, encore moins. Un fonctionnaire de l'époque décrivait ainsi dans son journal ses tâches de la matinée au ministère des Affaires extérieures :

All morning a stream of interesting and informative telegrams and despatches from missions abroad comes pouring across my desk. I am tempted to read them all and to try to understand what is really happening, but if I do that I have not time to draft answers to the most immediate telegrams and despatches crying out for instructions. I must skim through everything with my mind concentrated on immediate practical implications. If I try to be objective and to comprehend all the issues I am lost. I draft telegrams and speeches under pressure, short-term considerations uppermost—'Will the Prime Minister sign this?'—'Are we not too short of personnel to be represented at this or that international meeting?' This is the way policy is made on a hand-to-mouth basis out of an overworked official by a tired politician with only half his mind on the subject.<sup>5</sup>

A l'échelon supérieur, des montagnes de mémorandums et de télégrammes s'empilaient sur le bureau du sous-secrétaire d'État pendant des semaines, et l'on ne traitait que les plus urgents tous les jours. Aux termes d'une longue tradition de franchise au sommet, les problèmes d'importance immédiate étaient réglés verbalement. La paperasse était trop souvent ennuyeuse et superflue. M. Robertson mettait rarement ses opinions sur papier étant donné qu'il pouvait régulièrement consulter le Premier ministre et qu'il ne quittait Ottawa habituellement qu'en sa présence. Au grand bonheur de l'historien, M. Pearson ne faisait ni l'un ni l'autre, d'où l'amélioration des dossiers. Cependant, il a rarement estimé nécessaire la rédaction de mémorandums raisonnés, semblables à ceux de M. Skelton, pour faire valoir ses opinions. Les mémorandums avaient normalement pour but d'indiquer les aspects techniques d'une politique, l'exposé des motifs étant communiqué verbalement. Vu le genre d'expansion du Ministère et l'intimité et l'entière compréhension qui caractérisaient les relations entre MM. Robertson, Pearson et Wrong, il n'est pas surprenant qu'aucun d'entre eux n'ait jamais pensé à faire une lettre officielle de directives pour son successeur. Comme l'a dit M. Wrong lors d'une conférence de presse, le 26 septembre 1946: "We follow a fairly consistent pattern at the various conferences we attend, but I don't see what is to be gained by attempting to reduce the matter to a simple code." Les hauts fonctionnaires se préoccupaient de l'histoire qu'ils faisaient, mais non des archives nécessaires aux historiens. La personne plutôt que le dossier constituait la principale source de renseignement. Ainsi, les manques dans les dossiers étaient moins fâcheux pour le fonctionnaire de l'époque qu'ils le sont maintenant pour l'historien.

Le fait que la plus grande partie de l'activité diplomatique du Canada était désormais consacrée aux conférences internationales a eu des consé-

<sup>5</sup> Article de journal du 7 septembre 1945 dans Charles Ritchie, *The Siren Years—A Canadian Diplomat Abroad, 1937-1945*. (Toronto: Macmillan, 1974), p. 208.

and usually left Ottawa only in his company. Fortunately for the historian, Pearson did neither and the paper record improves as a result. Even so, there are few occasions when he found it necessary to write the argumentative type memoranda for which Dr. Skelton is remembered. Memoranda were usually for conveying the technical aspects of policy while the reasons for that policy were communicated orally. It was in keeping with the nature of the growth of the Department and the intimacy and complete understanding which characterized the relations of Robertson, Pearson and Wrong that none of them ever thought of preparing a formal letter of instructions for his successor. As Mr. Wrong remarked at a press conference on September 26, 1946: "We follow a fairly consistent pattern at the various conferences we attend, but I don't see what is to be gained by attempting to reduce the matter to a simple code." Senior officials were conscious of making history, not the records for history. The individual rather than the file was the main source of information. Thus gaps in the paper record were of less consequence to the official than to students thereafter.

The shift of the main portion of Canada's diplomatic activity to international conferences had profound consequences for the organization of the Department and its paper records. Unlike other delegations who actively publicized their policy objectives at these conferences, the Canadian delegates acting upon the instructions of the Prime Minister deliberately cut a low profile. Unobtrusively in committees and corridors they applied Canadian policy directives to specific issues. In most cases it was sufficient for them to record only the fact of achievement, defeat or compromise. The how and why were too often left for Departmental gossip or the confines of a private letter. Numerous references in the official files to these unofficial exchanges of letters are accompanied by the notation that they were not indexed and the editor's searches in private collections of papers were seldom productive.

The shift in the location of many international meetings from London, Paris and Geneva to Washington and New York also contributed to the incompleteness of the paper record by reducing the need for written instructions. When a Canadian delegate in New York wanted to discuss routine matters he had the telephone at his disposal while for more important issues he could easily return to Ottawa for an unrecorded meeting with the Prime Minister and a few officials. All of the major decisions on the international control of atomic energy, for example, were made in this fashion. In interviewing the officials of the time the historian soon discovers the difference between the written instructions prepared for a wide distribution and the really significant instructions that were transmitted orally. Once the major issues of policy were clarified and agreed upon by those who needed to know, there was never a thought given to the completeness of the file. Files were filled instead with subsequent telegraphic exchanges communicating merely technical and drafting details. Their profusion often overwhelmed the officials in Ottawa who had neither the time nor the auxiliary documents to comprehend the full significance of what was happening. Within the context

quences profondes sur l'organisation du Ministère et ses archives. Par opposition aux autres délégations qui, à ces conférences, proclamaient activement leurs objectifs politiques, les délégués canadiens restaient délibérément dans l'ombre, conformément aux directives du Premier ministre. Dans les comités et les corridors, ils appliquaient discrètement les directives canadiennes aux problèmes particuliers. Dans la plupart des cas, ils ne mettaient sur papier que le résultat de leur intervention. Le pourquoi et le comment ont trop souvent été transmis de bouche à oreille dans le Ministère, ou par lettre privée. Dans les dossiers, les nombreuses références à ces échanges de lettres non officiels sont accompagnées d'une note indiquant que ces dernières n'ont pas été répertoriées; dès lors, les recherches faites par l'éditeur dans les collections privées ont rarement abouti.

D'autre part, le fait que beaucoup de réunions internationales qui se déroulaient auparavant à Londres, Paris et Genève, se soient tenues désormais à Washington et New York a aussi contribué à rendre incomplets les dossiers; on avait en effet moins besoin de directives écrites. Lorsqu'un délégué du Canada à New York voulait discuter de problèmes courants, il pouvait téléphoner, et pour les questions plus importantes, il pouvait facilement retourner à Ottawa pour une réunion sans compte rendu avec le Premier ministre et quelques fonctionnaires. Par exemple, toutes les principales décisions sur le contrôle international de l'énergie atomique ont été prises de cette façon. En interrogeant les fonctionnaires de l'époque, l'historien découvre en très peu de temps la différence entre les directives écrites, préparées pour une large diffusion, et les directives vraiment importantes qui étaient transmises verbalement. Lorsque les grands aspects de politique avaient été précisés et que les intéressés avaient donné leur accord, on ne s'attardait jamais à compléter le dossier. Par contre, celui-ci était rempli avec les échanges télégraphiques ultérieurs qui ne donnaient que des détails techniques ou rédactionnels. Leur abondance accablait d'ailleurs souvent les fonctionnaires à Ottawa qui n'avaient ni le temps ni les documents connexes pour comprendre complètement ce qui se passait. Dans le seul contexte de cet ouvrage, ces télégrammes sont incompréhensibles s'ils ne sont pas lus en conjonction avec les procès-verbaux, présentations et dossiers officiels des délibérations. L'ensemble constitue effectivement un compte rendu de l'élaboration de la politique canadienne, mais, faute d'espace, celui-ci ne peut être reproduit dans un seul volume. Il relève donc de l'historien de tracer une voie dans ce labyrinthe lorsque toute la documentation internationale sera mise à sa disposition. Il découvrira certainement qu'il existe des différences d'opinions ou des versions différentes de ce que le gouvernement voulait transmettre, de ce que l'ambassadeur a réellement communiqué et de ce que le gouvernement étranger croyait que l'ambassadeur du Canada avait communiqué.

La rédaction des documents de travail et des rapports finals sur les conférences internationales avait toujours été largement fonction du temps dont disposaient leurs auteurs. En 1946, les ordres du jour des conférences submergèrent le Ministère. Les dossiers regorgent de commentaires à moitié

of this volume these despatches remain unintelligible unless read in conjunction with the official minutes, submissions and records of trade-offs. When taken in total they do provide the record of Canadian policy-making but such a record cannot be produced within the confines of a single volume. Ultimately it is the historian who must discover the way through this labyrinth when all international documentation is made available. Undoubtedly he will discover that there are differences of opinion or different versions of what the Government wanted communicated, what the Ambassador did communicate, and what the foreign government thought the Canadian Ambassador communicated.

The preparation of briefing papers and final reports on international conferences had always been very dependent upon the time available to the authors thereof. In 1946, conference agendas overwhelmed the Department. The files are replete with half-finished and draft commentaries that never reached the delegation in the form intended. The writing of the lengthy background sections of the briefing papers was assigned to junior officers who offered little indication of Canadian policy. In some instances this was because there simply was none but more often those senior officers responsible for policy initiatives carried them in their own heads. From the few available briefing papers, extracts dealing only with Canadian policy have been reproduced here. As for reports on international conferences, some of the more general reports of delegations to the various conferences held under the auspices of the United Nations have already been published. Only extracts from previously unpublished reports have been included in this volume. The standard format for the unpublished reports included an assessment of the leading personalities at the conference, a description of the issues under review, and an assessment of the impact of the results on the future of the organization. In this format the contents of the delegation report differed little from a good newspaper account. In vain one looks for some indication of how the delegation assessed the impact of the proceedings on Canadian policy objectives. These reports are more useful for understanding international rather than Canadian external relations as part of the wider scene. Although these conference briefings and reports can be located in various collections and files, the most comprehensive set is located in the Conference Report Series maintained by the Historical Division of the Department of External Affairs.

The dismantling of the war-oriented records management system and the designing of a new system would have caused little difficulty if it had not coincided with an enormous increase in the number of new subject files. During a similar period of expansion at the beginning of the war the Department's Records Section had found it impossible to maintain its yearly filing system. Therefore, in 1940, a new system was created and all subsequent documentation and new subject files were added to it. In time, these files collectively became known as the "40" series with, as adjuncts,

rédigés et à l'étape de projet qui ne sont jamais parvenus à la délégation sous la forme prévue. La rédaction des longues sections des documents de travail portant sur l'historique était assignée à des fonctionnaires moins expérimentés qui donnaient très peu d'indications concernant la politique canadienne, soit parce qu'il n'y en avait aucune, ou, le plus souvent, parce que les hauts fonctionnaires responsables des initiatives en matière de politique ne les mettaient pas sur papier. Du petit nombre de documents de travail disponibles, nous avons tiré ici des extraits portant exclusivement sur la politique canadienne. Quant aux rapports sur les conférences internationales, quelques-uns des rapports généraux des délégations aux conférences tenues sous les auspices des Nations Unies ont déjà été publiés. Nous insérons dans le présent ouvrage seulement des extraits de rapports qui n'ont pas été publiés. La forme type des rapports non publiés comprenait une évaluation des personnalités marquantes présentes à la conférence, la description des problèmes à l'étude et une évaluation des répercussions des résultats sur l'avenir de l'organisation. Ainsi fait, le rapport de la délégation différait très peu d'un bon compte rendu de journal. C'est en vain que l'on cherche quelques indications sur la façon dont la délégation a évalué les retombées de la conférence sur les objectifs politiques canadiens. Ces rapports facilitent davantage la compréhension des relations internationales que celle des relations extérieures du Canada à l'échelle internationale. Bien que ces documents de travail et ces rapports existent dans divers dossiers et collections, l'ensemble le plus complet se trouve dans la Série des rapports des délégations aux conférences internationales gardée par la Direction historique du ministère des Affaires extérieures.

La suppression du système de gestion des dossiers utilisé pendant la guerre et la mise au point d'un nouveau dispositif n'auraient pas entraîné de grandes difficultés si cela n'avait coïncidé avec une augmentation considérable du nombre des nouveaux dossiers. Au cours d'une période d'expansion semblable survenue au début de la guerre, la section des archives du Ministère se trouvait dans l'impossibilité de maintenir son système annuel de classement. Ainsi, un nouveau système fut établi en 1940 et on y ajouta toute documentation subséquente et tous les nouveaux dossiers. Ce groupe de dossiers était alors connu sous le nom de série «40» avec, comme séries complémentaires, la série «s», secret, et «50,000», très secret. Ce système ne se prêtait pas à la nouvelle organisation en directions introduite au Ministère en 1944, mais la section des archives tint bon en espérant bénéficier d'un répit à la fin des hostilités. Ce ne fut pas le cas car, au contraire, elle eut encore plus de travail. Alors que par le passé un sujet pouvait être limité à un groupe de dossiers facilement identifiables, des sujets très vastes comme le désarmement et l'énergie atomique étaient dispersés dans beaucoup de classements. Les dépêches étant classées par sujet, les références aux séquences numériques avaient très peu de valeur; d'ailleurs, le renumérotage et la division ultérieurs des dossiers n'ont fait que compliquer la dispersion des séquences numériques. En 1948, le système centralisé unique a fait place à des sous-dépôts décentralisés dans chaque direction. L'utilisateur trouvera des

the secret "s" series and the top secret "50,000" series. This system did not lend itself to the new divisional structure introduced into the Department in 1944 but the Records Section held on in expectation of a respite at the conclusion of hostilities. Instead of a respite, the Section acquired an even greater volume of work. Whereas in the past a single subject could be confined to an easily identifiable group of files, such broad subjects as disarmament and atomic energy were scattered throughout many groupings. Because despatches were filed by subject, references to numerical sequences had little value and subsequent renumbering and dividing of files further complicated the dispersion of the numerical sequence. By 1948 the single centralized system gave way to decentralized sub-registries for each division. In the interval covered by these documents the user will encounter the deficiencies produced by this overstrained system. A researcher may now use the Department of External Affairs' key word index to uncover the most appropriate files.

In addition to the tradition of oral communication that detracted from the files, individual officers in seeking to speed their own work and make it more effective, circumvented the less efficient central registry by maintaining working files of their own. Officials were more interested in making history than in the records of history. The number of undated or unsigned pages in the files gives evidence of this. Whether these pages represent the idle thoughts of a junior officer or approved policy is seldom evident. Since both British and American officials were in the habit of informally passing unidentifiable typed drafts of statements on Canadian policy to Canadian officials, even the origin of the document is sometimes in doubt. Unfortunately these documents have had to be omitted because of their anonymity. The diplomat who once knew has either forgotten or died.

Another major deficiency in the Records Section that has a bearing on this volume was its inability to develop a successful means of integrating post and Ottawa files for the preservation of as complete a record as possible. From the preponderance of Departmental paperwork in the files the reader might conclude that the Ambassador or High Commissioner played an insignificant role in the carrying out of policy directives. A complete set of records might confirm this but it would be speculative without the confirmation of post files. The working files of Canadian missions in London and Washington alone have been preserved with any regularity and these have been partially integrated with the other files or deposited as separate collections in the Public Archives of Canada. The few fragmentary documents from Paris and Tokyo that have found their way into the files only lead one to wonder about the rest. Ottawa was kept informed of the successful diplomatic initiatives but what has happened to the working papers of unsuccessful, diplomatically inspired initiatives, and inter-post correspondence? Canadian delegations to international conferences often deposited their working papers with the closest Canadian post. The value

lacunes dues à ce système surchargé pour les périodes couvertes par ces documents. Le chercheur peut maintenant consulter le répertoire par mot-clé du ministère des Affaires extérieures pour recouvrer les dossiers les plus appropriés.

Face à l'inefficacité du dépôt central des dossiers, certains fonctionnaires, soucieux de l'efficacité de leur travail, ont gardé des dossiers individuels, une pratique qui, comme la communication verbale, ne pouvait que causer des lacunes dans les dossiers. En effet, les fonctionnaires se préoccupaient de l'histoire qu'ils faisaient, mais non des archives nécessaires aux historiens. À preuve le nombre de pages non datées ou non signées dans les dossiers. On peut rarement savoir si elles représentent les grandes idées d'un fonctionnaire subalterne ou la politique approuvée. Étant donné que les Britanniques et les Américains avaient l'habitude de transmettre aux fonctionnaires canadiens, sans protocole, des projets de déclaration non identifiables sur la politique canadienne, même l'origine des documents est parfois douteuse. Il a donc malheureusement fallu les exclure à cause de leur anonymat. Le diplomate qui en savait quelque chose a oublié ou est décédé.

Autre grande lacune de la section des archives, et qui influe sur notre ouvrage, fut son incapacité à trouver un bon moyen de regrouper les dossiers des missions et ceux d'Ottawa pour la conservation d'archives aussi complètes que possible. À voir la prépondérance de la paperasserie ministérielle dans les dossiers, le lecteur pourrait conclure que l'ambassadeur ou le haut commissaire joua un rôle insignifiant dans l'application des directives relatives à la politique. Un jeu complet de dossiers pourrait confirmer ce fait, mais la confirmation n'est pas possible sans les dossiers des missions. Seulement les dossiers des missions canadiennes à Londres et à Washington ont été conservés avec plus ou moins de régularité. Ils ont été partiellement intégrés aux autres dossiers ou déposés aux Archives publiques du Canada en tant que collections distinctes. Les dossiers des missions à Paris et à Tokyo auraient sans doute été très intéressants à en juger d'après les quelques documents fragmentaires qui ont survécu. Ottawa était tenu au fait des initiatives diplomatiques fructueuses, mais où sont passés les documents de travail antérieurs aux initiatives diplomatiques malheureuses, et la correspondance entre missions? Les délégations canadiennes aux conférences internationales déposaient souvent leurs documents de travail à la mission canadienne la plus proche. L'intérêt des dossiers de Canada House et de l'ambassade à Washington fait encore plus regretter la perte des dossiers du consulat général de New York.

L'éditeur de cet ouvrage ne prétend pas présenter ici une documentation complète sur les relations extérieures du Canada puisqu'une grande partie des matières premières nécessaires à la tâche de l'historien demeure sous clé dans des archives à l'étranger. Il faut espérer que ce volume pourra servir de point de départ à la découverte de cette documentation lorsque d'autres archives nationales et internationales suivront l'exemple du Canada et rendront leurs matériaux plus accessibles.

of the files from Canada House and the Embassy in Washington accentuates the loss of the files of the Consulate General in New York.

The editor of this volume makes no claims to presenting a complete documentary story of Canada's external relations for much of the raw material for the historian's task remains locked up in foreign archives. It is hoped that this volume can be used as a basis for discovering this documentation when other national and international archives follow Canada's more generous access policies.

Collections of documents emphasize the episodic nature of external relations. For those who wish a fuller presentation of the Department's operations the monthly External Affairs Bulletin is available in the Department's library. On policy issues the best chronology after January 29, 1946 is found in the Reports of the Weekly Meetings of the Heads of Divisions (DEA/8508-40). At each meeting the Heads reported on the main activities of their Divisions during the preceding week. These reports provide the best review of Canada's external relations.

In making his selection the editor has had access to all files and permission to include any document that did not violate the privacy of individuals or adversely affect national security by describing intelligence operations. In the final selection no document was excluded for either of these reasons. The six most obvious gaps in this record were deliberate choices made because of the type of documentation available in the files or elsewhere.

No policy-oriented or comprehensive descriptive documents could be located in External Affairs' voluminous files on the distribution abroad of information about Canada or the resumption of cultural exchange programmes. Without this kind of documentation the editor decided that there was little value in documenting the technicalities of distributing Canadian materials and culture aimed at dispelling the notion that Canada was for Mounties, wheat and pioneers. Scholars wishing to monitor these programmes are invited to immerse themselves in the appropriate files.

Regrettably it has not been possible with just the few documents included to gain a fuller appreciation of domestic concern with foreign affairs and its impact on such issues as the possible recognition of the Vatican and participation in the United Nations Economic, Scientific and Cultural Organization. From the file references contained in this volume, these avenues can be pursued in conjunction with existing records of private organizations and interested individuals, when these become available.

The absence of references to certain subjects, especially those dealing with technical matters or private individuals and business should not lead readers to the conclusion that the Government was not interested or involved in these transactions. Space alone has made it impossible to include the highly technical documentation on subjects such as radio frequencies or the registration of Canadian Bank securities in the United States.

Les collections de documents mettent l'accent sur la nature épisodique des relations extérieures. Pour ceux qui désirent une présentation plus complète des activités du Ministère, le Bulletin mensuel des Affaires extérieures est disponible à la bibliothèque du Ministère. Quant aux questions de politique, la meilleure chronologie pour la période commençant le 29 janvier 1946 se trouve dans les Rapports des réunions hebdomadaires des chefs de direction (DEA/8508-40) qui constituent la meilleure revue des relations extérieures du Canada. Chaque fois, en effet, les chefs exposaient les principales activités de leur direction la semaine précédente.

En faisant son choix, l'éditeur a eu accès à tous les dossiers et la permission d'inclure tout document qui ne viole pas l'intimité des personnes ou qui ne nuit pas à la sécurité nationale en décrivant des activités de renseignements, mais aucun document définitivement retenu n'a été exclu pour l'une ou l'autre de ces raisons. Les six omissions les plus évidentes dans cet ouvrage sont volontaires, étant donné le genre de documentation disponible dans les dossiers ou ailleurs.

Aucun document relatif à une politique ou donnant une description globale concernant la diffusion à l'étranger de renseignements sur le Canada ou sur la reprise des programmes d'échanges culturels n'a pu être trouvé dans les dossiers volumineux du Ministère. À défaut de quoi, l'éditeur a décidé que cela ne présentait pas grand intérêt de montrer de quelle façon on diffusait matériels et culture du Canada pour dissiper la croyance que le Canada était un pays défini par la Gendarmerie royale, le blé et les colons. Les spécialistes qui désirent se renseigner sur ces programmes peuvent venir se plonger dans les dossiers appropriés.

Malheureusement, il a été impossible avec les quelques documents retenus de mieux juger l'intérêt que portaient les Canadiens aux affaires étrangères et ses répercussions sur des questions comme la reconnaissance possible du Vatican et la participation à l'Organisation des Nations Unies pour l'éducation, la science et la culture. Ces champs peuvent être explorés en consultant les dossiers d'où proviennent les documents retenus en conjonction avec les archives d'organismes privés et des participants lorsqu'on pourra se les procurer.

L'absence de référence à certains sujets, en particulier ceux qui traitent de questions techniques, de personnes ou d'entreprises privées ne devrait pas faire croire au lecteur que le gouvernement ne s'intéressait ni ne participait à ces affaires. Seul le manque d'espace a rendu impossible l'inclusion de la documentation très technique sur des sujets comme les fréquences radio ou l'enregistrement des titres de banques canadiennes aux États-Unis.

La quatrième omission dans la documentation porte sur les relations avec certains pays qui étaient si amicales qu'en l'absence de conflits ou de changement dans les relations, les rapports des missions devinrent des guides de voyage ou des résumés de nouvelles locales. Ce genre de document est utile à l'étude de diplomates particuliers, de l'administration et des vues qui ont présidé aux recommandations de politique, mais dénué de contenu canadien,

The fourth gap in the documentation comprises relations with countries that were so amiable that, in the absence of conflict or a change in the status of the relationship, reports from the post became travelogues or condensations of local news. This type of report is helpful for the study of individual diplomats, administration and the perceptions upon which policy recommendations were made but, being devoid of Canadian content, they have little relevance for this collection. Consequently only samples of this kind of report have been included, such as the three fascinating documents revealing the trials and tribulations of one Canadian diplomat in Nanking.

The fifth deliberate omission in this volume pertains to Newfoundland. After this series began, the Department of External Affairs decided to mark the twenty-fifth anniversary of the confederation of Newfoundland with Canada by undertaking the production of two volumes of documents on Canada's relations with Newfoundland in the pre-confederation period. Since both of these volumes cover the period of this volume, unnecessary duplication was avoided by excluding, except incidentally, documents relating to Newfoundland as readers would naturally wish to consult the more extensive collection.

The final category of omissions deals with documents associated with the signing of minor treaties. These include ratification procedures, submissions to Council, and the granting of full powers to sign agreements on behalf of Canada. Here the procedure is very repetitious and the texts of the treaties are readily available in the *Treaty Series*. Researchers wishing to follow through this aspect of treaty-making are referred to the Legal Precedents and Rulings File in the Legal Library of the Department of External Affairs.

Users of this volume are reminded of the change in attitude toward public information that occurred at this time. In pre-war years the Department and the Prime Minister did their best to cloud their activities in secrecy. The public received little more than the results of policy initiatives as recorded in the *Treaty Series* and Orders in Council. By 1946 and thanks to the inclinations of St. Laurent and Pearson some of the cloud cover was rolled back. Brief debates on foreign affairs in the House of Commons were permitted by the Prime Minister. The Standing Committee on External Affairs that emerged after the division of the old Standing Committee on Industrial and International Relations in the previous year was now allowed to examine the Department's operations and a selection of its policies. Weekly press briefings were inaugurated along with the publication of *Statements and Speeches*. There has been no attempt made to duplicate these sources in this volume but the reader is encouraged to use them in tandem.

The broader picture of Canada's external relations into which these documents must fit is found in a number of readily available sources. Of special note are the accounts written later by the actors themselves, such as Lester Pearson, Arnold Heeney, Escott Reid, Dana Wilgress, Maurice Pope, and the more numerous pieces about them. Of primary importance is the third volume of *The Mackenzie King Record*. In the absence of proper minutes of Cabinet meetings as opposed to records of decisions, and notes for the file

il n'a pour ainsi dire pas sa place dans cette collection. Aussi, seuls des échantillons de ce genre d'écrit ont été inclus, par exemple, les trois documents passionnants qui relatent les aventures et les épreuves d'un diplomate canadien à Nanking.

La cinquième omission volontaire porte sur Terre-Neuve. Après le début de cette série, le ministère des Affaires extérieures décida de marquer le vingt-cinquième anniversaire de l'entrée de cette province dans la Confédération en publiant deux volumes de documents sur les relations du Canada avec Terre-Neuve avant son entrée dans la Confédération. Puisque ces volumes couvrent la période à l'étude, j'ai cru bon d'exclure ces documents, à de rares exceptions près, pour éliminer tout chevauchement, supposant que le lecteur consulterait naturellement la collection plus complète.

Enfin, la dernière omission concerne les documents associés à la signature de traités de moindre importance. Entre autres, cela comprend les procédures de ratification, les soumissions au Conseil et la délégation des pleins pouvoirs pour conclure des accords au nom du Canada. Les procédures sont toutes semblables et le texte des traités se trouve dans le *Recueil des traités*. Les personnes désireuses d'approfondir cet aspect de la signature des traités peuvent consulter le dossier *Legal Precedents and Rulings* qui se trouve à la bibliothèque juridique du Ministère.

Il ne faut pas oublier le changement d'attitude envers l'information du public qui survint à cette époque. Avant la guerre, le Ministère et le Premier ministre faisaient de leur mieux pour voiler leurs activités. La population ne recevait pas beaucoup plus que les résultats des initiatives politiques consignés dans le *Recueil des traités* et dans les décrets du Conseil. En 1946, un peu de lumière fut jetée sur ces activités grâce au caractère de MM. St. Laurent et Pearson. Le Premier ministre permit de brefs débats sur les affaires étrangères à la Chambre des communes. En outre, le Comité permanent des Affaires extérieures, créé à la suite de la division de l'ancien Comité permanent des relations industrielles et internationales l'année précédente, pouvait maintenant étudier les activités du Ministère et un certain nombre de ses politiques. On inaugura des séances d'information hebdomadaires pour la presse ainsi que la publication des *Déclarations et Discours*. Nous n'avons pas essayé de reproduire ces documents dans le présent ouvrage, mais le lecteur est invité à les consulter parallèlement.

On trouve le tableau plus large des relations extérieures du Canada, dans lequel ces documents doivent s'insérer, dans un certain nombre de sources à la portée de tous. Il faut mentionner les écrits ultérieurs des acteurs eux-mêmes, Lester Pearson, Arnold Heeney, Escott Reid, Dana Wilgress, Maurice Pope ainsi que les documents encore plus nombreux à leur sujet. Le troisième volume du *Mackenzie King Record* est d'une importance primordiale. Comme nous ne disposons que des décisions, à défaut de procès-verbaux complets des réunions du Cabinet, et des notes sur les entrevues du Premier ministre versées aux dossiers, les mémoires de Mackenzie King constituent un document indispensable à lire avec le présent ouvrage.

about the Prime Minister's interviews, King's diaries remain an indispensable source that must be read in conjunction with this volume. Also of special note are Lester B. Pearson's article "Canada Looks Down North." in the July 1946 issue of *Foreign Affairs*, the testimonies of officials of the Department of External Affairs before the House of Commons Standing Committee on External Affairs and the published speeches delivered before the General Assembly of the United Nations. In a Department that was not much given to philosophizing about its total objectives the reader should not be surprised at the lack of documentation thereon. The first public statement of this period on the long-term principles governing Canadian policy which comes closest to putting on paper Canada's approach to international problems was made by St. Laurent in the Duncan and John Gray Memorial Lecture at the University of Toronto on January 13, 1947. In this lecture the Minister described what was meant by Canada's policy of "constructive international action" within the context of "secondary power" manoeuvrability. "There is little point", said Mr. St. Laurent, "in a country of our stature recommending international action, if those who must carry the major burden of whatever action is taken are not in sympathy." Evaluations of the role revealed in the documents in this volume will have to be read in the context of this statement. Above all, the views of officials described in this volume will have to be read within the overall framework of the five general principles enunciated as a result of the 1946 experience:

- a) external policies must not destroy Canadian unity;
- b) external policy should be based on Canada's belief in political liberty;
- c) external policy should reflect respect for the rule of law;
- d) external policy should be based upon some conception of human values;
- e) external policy should be based upon a willingness to accept international responsibilities.

Those familiar with this series will notice the elimination from this volume of the customary list of documents containing a summary of each. This change has become necessary because of the enormous increase in the post-war documentation. When the editor had to choose between including the list or approximately two hundred important documents within the confines of a single manageable volume, he opted for the presentation of as complete a record as possible in the belief that, while users could make their own lists, they could not as readily acquire missing documents.

In addition to these reasons for the change in format, readers should be reminded that this volume was produced during a period of financial stringency. The publication of the manuscript has already been delayed for more than a year because of a lack of funds and further delays would have been necessary if a list of documents that is costly to prepare had been added to an already massive volume. It is hoped that the expanded index will somewhat alleviate the inconvenience created by this decision. Suggestions for an author

L'article de Lester B. Pearson, «Canada Looks Down North.», paru dans le numéro de juillet 1946 de *Foreign Affairs*, les témoignages de fonctionnaires du ministère des Affaires extérieures devant le Comité permanent des affaires extérieures de la Chambre des communes et les discours publiés qui ont été prononcés devant l'Assemblée générale des Nations Unies méritent aussi une mention particulière. Dans un ministère qui n'est pas très enclin à théoriser sur ses objectifs globaux, le lecteur ne doit pas s'étonner du manque de documentation à ce sujet. La première déclaration publique de cette période sur les principes à long terme régissant la politique canadienne, qui ressemble le plus à un énoncé écrit de l'approche du Canada vis-à-vis des problèmes internationaux, a été faite par M. St. Laurent à la Conférence commémorative Duncan et John Gray, à l'Université de Toronto le 13 janvier 1947. Le Ministre a décrit ce que signifiait la politique canadienne de mesures internationales constructives dans le contexte de la maniabilité d'une puissance secondaire. M. St. Laurent a déclaré: «There is little point in a country of our stature recommending international action, if those who must carry the major burden of whatever action is taken are not in sympathy.» L'évaluation du rôle du Canada, qui paraît dans les documents inclus dans le présent ouvrage, doit être lue à la lumière de cette déclaration. Mais avant tout, il faut replacer les opinions des fonctionnaires données ici dans le cadre très large des cinq principes généraux formulés à la suite de l'expérience de 1946:

- a) la politique extérieure ne doit pas détruire l'unité canadienne;
- b) la politique extérieure doit reposer sur la croyance du Canada en la liberté politique;
- c) la politique extérieure doit refléter le respect de la suprématie de la loi;
- d) la politique extérieure doit être fondée sur une certaine conception des valeurs humaines;
- e) la politique extérieure doit reposer sur le désir d'accepter des responsabilités internationales.

Les personnes qui connaissent cette série de volumes remarqueront la suppression ici de la liste habituelle des documents avec des résumés de chaque document. Cette modification s'est révélée nécessaire étant donné l'augmentation faramineuse de la documentation d'après-guerre. Entre inclure la liste, ou environ 200 documents importants dans les limites d'un seul ouvrage maniable, l'éditeur a choisi de présenter un dossier aussi complet que possible en pensant que le lecteur pourrait plus facilement établir sa propre liste que se procurer des documents manquants.

En outre, on rappelle que ce volume a été produit en période de restrictions budgétaires. La publication du manuscrit a déjà été retardée plus d'un an par manque de fonds et il aurait fallu des retards supplémentaires si une liste des documents, très coûteuse à préparer, avait été ajoutée à un ouvrage déjà volumineux. Il est à espérer que l'index plus complet compensera un

index have not been acted upon because, unlike the period covered by the preceding volumes, the decision-making process had become so diffuse as to make such an index meaningless. On the majority of issues the imprint of the Under-Secretary was in initialling the memorandum, draft, or telegram and occasional marginal notations that have in any case been reproduced along with the document.

Users of this volume will find their task easier if they keep in mind some of the basic editorial practices followed in reproducing the documents. When more than one copy or draft of the same document was available the editor, after whatever verification was possible, selected for reproduction the most authentic and complete text that appeared to have been used in briefings, negotiations and the final decision-making process. All documents appear in their original language. Normal variations in spelling have not been altered but typographical errors and mistakes in the spelling of proper names and places have been corrected. Additions to the original text have been set off by square brackets while omissions are indicated by suspension points (. . .). In the instances where only portions of a document are reproduced, the word "Extracts" appears in the caption. In the case of long documents such as commentaries or reports, the pages from which the extracts are taken are indicated at the end of each extract. Asterisks in the text refer the reader to footnotes found in the original document while editorial footnotes are numbered. A dagger (†) appearing at the end of a reference to a document (e.g., My ATOM 84†, Telegram 35 of July 8†) indicates that the document in question is not printed in this volume. Since the selection of documents for the volumes covering the 1944-1945 period had not been finalized when this volume was ready for publication, it was not possible to provide footnote references to these volumes when documents of this period are referred to in the documents printed herein.

In order to save space and avoid unnecessary repetitions, standard shortened forms of captions have been used in certain cases. Captions for documents originating in or addressed to officers within a Division of the Department of External Affairs identify the division while omitting the name of the Department. The officers of each Division are listed in the organization chart of the headquarters of the Department inside the front cover. Captions for documents originating with or addressed to the Canadian delegations to the first session of the General Assembly of the United Nations also use a shortened form throughout the volume (Delegation to the General Assembly of the United Nations) even though Canada was represented by different delegations at the two parts of the first session. The date of the document indicates to which part of the session the document belongs and a list of the members of the two delegations is appended for easy reference (see Appendix A). Members of Canadian delegations to other international meetings of 1946 are listed in the *Annual Report of the Secretary of State for External Affairs* for 1946. It should be noted that Canadian delegations at conferences abroad used the services of the nearest Canadian post to send and receive telegrams; there-

peu les désagréments entraînés par cette décision. On n'a pas donné suite aux suggestions en faveur d'un index des auteurs, car contrairement à la période couverte par les volumes antérieurs, la prise de décisions était devenue si diffuse que l'index n'aurait servi à rien. Sur la majorité des questions, le sous-secrétaire s'est contenté de parapher les mémorandums, projets ou télégrammes et, à l'occasion, de faire une inscription en marge qui a été reproduite avec le document concerné.

La tâche du lecteur sera plus facile s'il se rappelle quelques-unes des pratiques de base utilisées dans la reproduction des documents. Lorsqu'il existait plusieurs copies ou projets du même document, on a choisi de reproduire, après les vérifications nécessaires, le texte le plus authentique et le plus complet qui semble avoir été utilisé lors des séances d'information, des négociations et de la prise de décision finale. Tous les documents sont publiés dans la langue originale. Les variations normales d'orthographe n'ont pas été modifiées mais les erreurs typographiques et les erreurs d'orthographe des noms propres et des lieux ont été corrigées. Les additions au texte original ont été mises entre crochets et les omissions sont indiquées par des points de suspension (...). Dans les cas où seulement des parties d'un document sont reproduites, le mot «Extraits» figure dans l'en-tête. Lorsqu'il s'agit de longs documents comme des commentaires ou des rapports, les pages d'où sont tirés les extraits sont indiquées à la fin de chacun. Les astérisques dans le texte renvoient le lecteur aux notes du document original, tandis que les notes rédactionnelles sont numérotées. Un dague (†) à la fin d'une référence à un document (par exemple, My ATOM 84†, Telegram 35 of July 8†) indique que le document n'est pas reproduit dans ce volume. La sélection des documents pour les volumes consacrés à la période 1944-1945 n'étant pas achevée au moment de la publication de ce volume, le lecteur ne trouvera pas de renvois à ces volumes lorsque des documents de cette période sont mentionnés dans les documents reproduits ici.

Pour gagner de l'espace et éliminer toute répétition inutile, on a utilisé dans certains cas des titres normalisés plus courts. On a identifié la direction sans citer le nom du Ministère dans les en-têtes des documents qui proviennent d'une direction du ministère des Affaires extérieures ou y sont adressés. On trouvera dans l'organigramme de l'administration centrale du Ministère au début du volume une liste des personnes faisant partie des différentes directions. Les en-têtes des documents en provenance ou à destination des délégations du Canada à la première session de l'Assemblée générale des Nations Unies sont raccourcis ainsi, délégation à l'Assemblée générale des Nations Unies, bien que le Canada ait été représenté par des délégations différentes aux deux parties de la première session. La date du document devrait suffire pour indiquer la partie de la session en question et on a annexé la liste des membres des deux délégations pour consultation (voir Appendice A). Les membres des délégations canadiennes qui ont participé aux autres réunions internationales de 1946 sont indiqués dans le *Rapport annuel du secrétaire d'État aux Affaires extérieures* de 1946. On doit noter que les délégations

fore, captions for these telegrams contain the title of the senior representative at the post (e.g., Ambassador in France). Delegation telegrams were identified by abbreviations of the name of the delegation, conference, or organization involved (e.g., ATOM, ASDEL) followed by the number of the message. These identifying abbreviations, usually found in the first line of the text of the document are explained in Appendix B.

The key to the location of a document, a location symbol followed by a volume or file number or both, is found in the upper right-hand corner of each document. The location symbols for personal papers are made up from the initials of the person (e.g., W.L.M.K., C.D.H.) while those for departmental files use initials based on the English spelling of the Department's name (e.g., DEA, DND). A full explanation of the symbols is found in the list "Location of Documents". Enclosures are from the same source as the main document unless otherwise indicated.

There are a number of individuals whom the editor wishes particularly to acknowledge for their assistance on various aspects of the work. Foremost is the Director of the Historical Division, Arthur Blanchette, who put at the editor's disposal a number of means for overcoming difficulties in production. In initially selecting the documents from the files he is indebted to the work of his research assistant, Douglas Waldie, whose perception of the task made it so much easier. On his second research assistant, Michel Rossignol, fell much of the burden of preparing the documents for the printer. His linguistic skills and meticulous attention to detail were invaluable assets. In addition there have been the staffs at the Department of National Defence, the Privy Council Office and the Public Archives who guided me through indexes to the files required and individuals who kindly granted me access to the fourteen collections of private papers under their jurisdiction and who gave their permission for the publication of the documents selected. Finally I remain grateful for the pioneering work done by my predecessors in this series, who made themselves available for consultation. While acknowledging the assistance provided by the above, I remain fully responsible for the selecting and editing of each document.

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canadiennes aux conférences à l'étranger utilisaient les services de la mission canadienne la plus proche pour envoyer et recevoir des télégrammes; en conséquence, les en-têtes de ces derniers renferment le titre du plus haut représentant de la mission (par exemple, ambassadeur en France). Les télégrammes envoyés par une délégation étaient identifiés par l'abréviation du nom de la délégation, de la conférence ou de l'organisme en question (par exemple, ATOM, ASDEL) suivie du numéro du message. Ces abréviations, qui se trouvent ordinairement dans la première ligne du texte du document, sont expliquées dans l'Appendice B.

On trouvera dans le coin supérieur droit de chaque document toutes les indications concernant l'endroit où il se trouve: symbole de provenance suivi du numéro du volume ou du dossier, ou les deux. Les symboles de provenance de documents personnels sont formés des initiales de la personne (par exemple, W.L.M.K., C.D.H.), tandis que ceux des dossiers ministériels comportent des initiales représentant la désignation anglaise du ministère (par exemple, DEA, DND). On trouvera dans la liste «Provenance des documents» une explication de tous les symboles. Les pièces jointes sont tirées de la même source que le document principal, sauf indication contraire.

Je désire remercier tout particulièrement un certain nombre de personnes pour l'aide qu'elles ont apportée à divers aspects du travail. En premier lieu, M. Arthur Blanchette, directeur de la Direction historique, qui a mis à ma disposition un certain nombre de moyens pour surmonter des difficultés de production. Ensuite, M. Douglas Waldie, mon adjoint à la recherche, dont la compréhension du travail a beaucoup facilité le choix initial des documents. M. Michel Rossignol, second adjoint à la recherche, s'est occupé de la majeure partie de la préparation des documents en vue de la publication. Ses aptitudes linguistiques et son attention méticuleuse pour le détail ont été des éléments précieux. De plus, je remercie les employés du ministère de la Défense nationale, du Bureau du Conseil privé et des Archives publiques qui m'ont aidé à trouver dans les index les dossiers nécessaires, ainsi que les personnes qui ont bien voulu me laisser consulter les quatorze collections de documents privés sous leur garde et qui ont consenti à la publication des documents choisis. En dernier lieu, je suis reconnaissant à mes prédécesseurs dans cette série du travail original qu'ils ont accompli et des consultations qu'ils ont bien voulu m'accorder. Tout en reconnaissant leur aide, je demeure toutefois entièrement responsable de la sélection et de la présentation de chacun des documents reproduits dans cet ouvrage.

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## LISTE DES ABRÉVIATIONS

## LIST OF ABBREVIATIONS

ADA	ATOMIC DEVELOPMENT AUTHORITY
AEC	ATOMIC ENERGY COMMISSION
AI	AD INTERIM
BCATP	BRITISH COMMONWEALTH AIR TRAINING PLAN
BIRD	BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT
CAB	CIVIL AERONAUTICS BOARD
CAS	CHIEF OF THE AIR STAFF
CATC	CANADIAN ADVISORY TARGETS COMMITTEE
CCAC	COMBINED CIVIL AFFAIRS COMMITTEE
CCC	COMMODITY CREDIT CORPORATION
CFB	COMBINED FOOD BOARD
CGS	CHIEF OF THE GENERAL STAFF
CIF	COST, INSURANCE AND FREIGHT
CIS	CANADIAN INFORMATION SERVICE
CMAB	CANADIAN MUTUAL AID BOARD
CMHQ	CANADIAN MILITARY HEADQUARTERS
CMM	CANADIAN MILITARY MISSION
COS	CHIEF OF STAFF
CPC	COMBINED POLICY COMMITTEE
CPCAD	COMMISSION PERMANENTE CANADO-AMÉRICAINNE DE DÉFENSE
CSC	CHIEFS OF STAFF COMMITTEE
DGDR	DIRECTOR GENERAL OF DEFENCE RESEARCH
DND	DEPARTMENT OF NATIONAL DEFENCE
DO	DOMINIONS OFFICE
ESC	ECONOMIC AND SOCIAL COUNCIL
FAO	FOOD AND AGRICULTURE ORGANIZATION
FEC	FAR EASTERN COMMISSION
FOB	FREE ON BOARD
FMI	FONDS MONÉTAIRE INTERNATIONAL
IARA	INTER-ALLIED REPARATIONS AGENCY
IBRD	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
IGC	INTERGOVERNMENTAL COMMITTEE
ILO	INTERNATIONAL LABOUR ORGANIZATION
IMF	INTERNATIONAL MONETARY FUND
IRO	INTERNATIONAL REFUGEE ORGANIZATION
ISC	IMPERIAL SHIPPING COMMITTEE
ITO	INTERNATIONAL TRADE ORGANIZATION
IWC	INTERNATIONAL WHEAT COUNCIL
JAG	JUDGE ADVOCATE GENERAL
JIC	JOINT INTELLIGENCE COMMITTEE
MFN	MOST FAVOURED NATION
MP	MEMBER OF PARLIAMENT
NDHQ	NATIONAL DEFENCE HEADQUARTERS

OAA	ORGANISATION POUR L'ALIMENTATION ET L'AGRICULTURE
OIC	ORGANISATION INTERNATIONALE DU COMMERCE
OMS	ORGANISATION MONDIALE DE LA SANTÉ
OPA	OFFICE OF PRICE ADMINISTRATION
OPACI	ORGANISATION PROVISoire DE L'AVIATION CIVILE INTERNATIONALE
PC	PRIVY COUNCIL
PICAO	PROVISIONAL INTERNATIONAL CIVIL AVIATION ORGANIZATION
PJBD	PERMANENT JOINT BOARD ON DEFENCE
POW	PRISONER OF WAR
RAF	ROYAL AIR FORCE
RCAF	ROYAL CANADIAN AIR FORCE
RCMP	ROYAL CANADIAN MOUNTED POLICE
RCN	ROYAL CANADIAN NAVY
SCAP	SUPREME COMMANDER FOR THE ALLIED POWERS
TCA	TRANS-CANADA AIR LINES
UMCC	UNITED MARITIME CONSULTATIVE COUNCIL
UN	UNITED NATIONS
UNESCO	UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION
UNRRA	UNITED NATIONS RELIEF AND REHABILITATION AGENCY
USA	UNITED STATES ARMY
USAAF	UNITED STATES ARMY AIR FORCES
USN	UNITED STATES NAVY
WFTU	WORLD FEDERATION OF TRADE UNIONS
WHO	WORLD HEALTH ORGANIZATION
WPTB	WARTIME PRICES AND TRADE BOARD

## PROVENANCES DES DOCUMENTS<sup>1</sup>

### LOCATION OF DOCUMENTS<sup>1</sup>

Documents du général A. G. L. McNaughton, Archives publiques (MG 30 G12)	A.G.L.M.	General A. G. L. McNaughton Papers, Public Archives (MG 30 G12)
Documents de Brooke Claxton, Archives publiques (MG 32 B5)	B.C.	Brooke Claxton Papers, Public Archives (MG 32 B5)
Documents de C. D. Howe, Archives publiques (MG 27 III B20)	C.D.H.	C. D. Howe Papers, Public Archives (MG 27 III B20)
Dossiers de l'ambassade du Canada à Washington, Archives publiques (RG 25 B2)	CEW	Canadian Embassy, Washington, Files, Public Archives (RG 25 B2)
Dossiers de Canada House, Londres, Archives publiques (RG 25 A12)	CH	Canada House, London, Files, Public Archives, (RG 25 A12)
Dossiers du ministère de l'Agriculture, Archives publiques (RG 17)	DA	Department of Agriculture Files, Public Archives (RG 17)
Dossiers du ministère des Affaires extérieures	DEA	Department of External Affairs Files
Dossiers de l'ambassade du Canada à Washington, direction historique, ministère des Affaires extérieures	DEA-CEW	Canadian Embassy, Washington, Files, Historical Division, Department of External Affairs
Collection de la direction historique, ministère des Affaires extérieures	DEA-FAH	Historical Division Collection, Department of External Affairs
Dossiers du ministère des Finances, Archives publiques (RG 19)	DF	Department of Finance Files, Public Archives (RG 19)
Direction historique, ministère de la Défense nationale	DND	Directorate of History, Department of National Defence

<sup>1</sup> Ceci est une liste des symboles utilisés pour indiquer la provenance des documents. Les cotes des collections déposées aux Archives publiques du Canada sont entre parenthèses.

<sup>1</sup> This is a list of the symbols used to indicate the location of documents. The call numbers of collections deposited at the Public Archives of Canada are in parentheses.

Dossiers du ministère du Commerce, Archives publiques (RG 20)	DTC	Department of Trade and Commerce Files, Public Archives (RG 20)
Documents de I. A. Mackenzie, Archives publiques (MG 27 III B5)	I.A.M.	I. A. Mackenzie Papers, Public Archives (MG 27 III B5)
Documents de L. Beaudry, Archives publiques (MG 30 E50)	L.B.	L. Beaudry Papers, Public Archives (MG 30 E50)
Documents de L. B. Pearson, Archives publiques (MG 26N)	L.B.P.	L. B. Pearson Papers, Public Archives (MG 26N)
Documents du lieutenant-général M. A. Pope, Archives publiques (MG 27 III F4)	M.A.P.	Lieutenant-General M. A. Pope Papers, Public Archives (MG 27 III F4)
Document de O. D. Skelton-N. A. Robertson, Archives publiques (RG 25 D1)	O.D.S.-N.A.R.	O. D. Skelton- N. A. Robertson Papers, Public Archives (RG 25 D1)
Bureau du Conseil privé	PCO	Privy Council Office
Documents de W. L. Mackenzie King, Archives publiques (Notes et mémorandums: MG 26 J4; lettres: MG 26 J1)	W.L.M.K.	W. L. Mackenzie King Papers, Public Archives (Notes and memorandums: MG 26 J4; letters: MG 26 J1)

## LISTE DES PERSONNALITÉS<sup>1</sup>

### LIST OF PERSONS<sup>1</sup>

- ABBOTT, D. C.**, ministre de la Défense nationale, (-déc.).
- ACHESON, Dean**, sous-secrétaire d'État des États-Unis.
- ADDISON**, vicomte, secrétaire d'État aux Affaires des Dominions de Grande-Bretagne.
- ATHERTON, Ray**, ambassadeur des États-Unis.
- ATLEE, Clement R.**, premier ministre de Grande-Bretagne.
- BARTON, G. S. H.**, sous-ministre de l'Agriculture.
- BATEMAN, G. C.**, directeur général, bureau de Washington, ministère de la Reconstruction et des Approvisionnements.
- BEVIN, Ernest**, secrétaire d'État aux Affaires étrangères de Grande-Bretagne.
- BRYCE, R. B.**, directeur, direction économique, ministère des Finances.
- BYRNES, J. F.**, secrétaire d'État des États-Unis.
- CHIFLEY, J. B.**, premier ministre de l'Australie.
- CLARK, Lewis**, conseiller, ambassade des États-Unis.
- CLARK, W. C.**, sous-ministre des Finances.
- CLAXTON, Brooke**, ministre de la Santé nationale et du Bien-être social, (-déc.); ministre de la Défense nationale, (déc.-).
- CLAYTON, W. L.**, secrétaire d'État adjoint des États-Unis.
- CLUTTERBUCK, Sir Alexander**, haut commissaire de Grande-Bretagne, (mai-).
- DALTON, Hugh**, chancelier de l'Échiquier de Grande-Bretagne.
- EVATT, H. V.**, ministre des Affaires extérieures de l'Australie.
- FRASER, Peter**, premier ministre de la Nouvelle-Zélande.
- ABBOTT, D. C.**, Minister of National Defence, (-Dec.).
- ACHESON, Dean**, Under-Secretary of State of United States.
- ADDISON**, Viscount, Secretary of State for Dominion Affairs of Great Britain.
- ATHERTON, Ray**, Ambassador of United States.
- ATLEE, Clement R.**, Prime Minister of Great Britain.
- BARTON, G. S. H.**, Deputy Minister of Agriculture.
- BATEMAN, G. C.**, Director General, Washington Office, Department of Reconstruction and Supply.
- BEVIN, Ernest**, Secretary of State for Foreign Affairs of Great Britain.
- BRYCE, R. B.**, Director, Economic Division, Department of Finance.
- BYRNES, J. F.**, Secretary of State of United States.
- CHIFLEY, J. B.**, Prime Minister of Australia.
- CLARK, Lewis**, Counsellor, Embassy of United States.
- CLARK, W. C.**, Deputy Minister of Finance.
- CLAXTON, Brooke**, Minister of National Health and Welfare, (-Dec.); Minister of National Defence, (Dec.-).
- CLAYTON, W. L.**, Assistant Secretary of State of United States.
- CLUTTERBUCK, Sir Alexander**, High Commissioner of Great Britain, (May-).
- DALTON, Hugh**, Chancellor of the Exchequer of Great Britain.
- EVATT, H. V.**, Minister for External Affairs of Australia.
- FRASER, Peter**, Prime Minister of New Zealand.

<sup>1</sup> 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.

<sup>1</sup> 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.

- FOULKES, lieutenant-général Charles, chef de l'état-major général.
- GARDINER, J. G., ministre de l'Agriculture.
- GLEN, J. A., ministre des Mines et des Ressources.
- GIBSON, C., ministre de la Défense nationale pour l'Air, (-déc.).
- GORDON, Donald, gouverneur adjoint, Banque du Canada; président, Commission des prix et du commerce en temps de guerre.
- HEENEY, A. D. P., secrétaire du Cabinet.
- HENRY, major-général Guy V., représentant principal de l'armée américaine, CPCAD.
- HICKERSON, J. D., directeur adjoint, bureau des Affaires européennes, département d'État des États-Unis.
- HOPKINS, E. R., chef, direction juridique, ministère des Affaires extérieures, (juillet).
- HOWE, C. D., ministre de la Reconstruction et des Approvisionnements.
- ILSLEY, J. L., ministre des Finances, (-déc.).
- KING, W. L. Mackenzie, Premier ministre; secrétaire d'État aux Affaires extérieures, (-sept.).
- LA GUARDIA, F. H., président, section américaine, CPCAD; directeur général, UNRRA, (mars).
- LECKIE, maréchal de l'air Robert, chef de l'état-major de l'Air.
- LEHMAN, gouverneur H. H., directeur général, UNRRA, (-mars).
- MACDONALD, Malcolm, haut commissaire de Grande-Bretagne, (-avril).
- MACDONNELL, R. M., chef, troisième direction politique, ministère des Affaires extérieures; secrétaire, section canadienne, CPCAD.
- MACHTIG, Sir Eric, sous-secrétaire d'État permanent aux Affaires des Dominions de Grande-Bretagne.
- MACKENZIE, (Dean) C. J., président, Conseil national de recherches.
- MACKENZIE, I. A., ministre des Affaires des anciens combattants.
- MACKENZIE, M. W., sous-ministre du Commerce.
- MACKINNON, J. A., ministre du Commerce.
- MACNAMARA, A., sous-ministre du Travail.
- FOULKES, Lieutenant-General Charles, Chief of the General Staff.
- GARDINER, J. G., Minister of Agriculture.
- GLEN, J. A., Minister of Mines and Resources.
- GIBSON, C., Minister of National Defence for Air, (-Dec.).
- GORDON, Donald, Deputy Governor, Bank of Canada; Chairman, Wartime Prices and Trade Board.
- HEENEY, A. D. P., Secretary to the Cabinet.
- HENRY, Major-General Guy V., Senior United States Army Member, PJBBD.
- HICKERSON, J. D., Deputy Director, Office of European Affairs, Department of State of United States.
- HOPKINS, E. R., Head, Legal Division, Department of External Affairs, (July-).
- HOWE, C. D., Minister of Reconstruction and Supply.
- ILSLEY, J. L., Minister of Finance, (-Dec.).
- KING, W. L. Mackenzie, Prime Minister; Secretary of State for External Affairs, (-Sept.).
- LA GUARDIA, F. H., Chairman, American Section, PJBBD; Director General, UNRRA, (March-).
- LECKIE, Air Marshal Robert, Chief of the Air Staff.
- LEHMAN, Governor H. H., Director General, UNRRA, (March-).
- MACDONALD, Malcolm, High Commissioner of Great Britain, (-April).
- MACDONNELL, R. M., Head, Third Political Division, Department of External Affairs; Secretary, Canadian Section, PJBBD.
- MACHTIG, Sir Eric, Permanent Under-Secretary of State for Dominion Affairs of Great Britain.
- MACKENZIE, Dean C. J., President, National Research Council.
- MACKENZIE, I. A., Minister of Veterans Affairs.
- MACKENZIE, M. W., Deputy Minister of Trade and Commerce.
- MACKINNON, J. A., Minister of Trade and Commerce.
- MACNAMARA, A., Deputy Minister of Labour.

- MARTIN, Paul, secrétaire d'État, (-déc.).  
 MASSEY, Vincent, haut commissaire en Grande-Bretagne, (-mai).  
 MASTER, Oliver, sous-ministre adjoint du Commerce.  
 McIVOR, G. H., commissaire en chef, Commission canadienne du blé.  
 McNAUGHTON, général A. G. L., président, section canadienne, CPCAD; représentant à la Commission de l'énergie atomique des Nations Unies.  
 MITCHELL, Humphrey, ministre du Travail.  
 NASH, W., premier ministre adjoint de la Nouvelle-Zélande.  
 PARSONS, J. G., secrétaire, section américaine, CPCAD.  
 PEARSON, Lester B., ambassadeur aux États-Unis, (-oct.); sous-secrétaire d'État aux Affaires extérieures, (oct.-).  
 PIERCE, S. D., chef, direction économique, ministère des Affaires extérieures.  
 POPE, lieutenant-général Maurice A., chef, mission militaire canadienne auprès de la Commission alliée de contrôle en Allemagne.  
 RASMINSKY, Louis, président suppléant, Commission de contrôle du change étranger.  
 READ, J. E., sous-secrétaire d'État suppléant aux Affaires extérieures et conseiller juridique, (-fév.).  
 REID, Escott, chef, deuxième direction politique, ministère des Affaires extérieures, (mars-).  
 REID, vice-amiral H. E., chef de l'état-major naval, (fév.-).  
 RITCHIE, C. S. A., chef, première direction politique, ministère des Affaires extérieures, (-déc.).  
 ROBERTSON, Norman A., sous-secrétaire d'État aux Affaires extérieures, (-sept.); haut commissaire en Grande-Bretagne, (oct.-).  
 ST. LAURENT, Louis S., ministre de la Justice, (-déc.); secrétaire d'État aux Affaires extérieures, (sept.-).  
 SCOTT, H. A., conseiller commercial, ambassade aux États-Unis.  
 SIM, David, sous-ministre du Revenu national (douanes et accise).  
 SMITH, Sir Ben, ministre des Aliments de Grande-Bretagne, (-1946).
- MARTIN, Paul, Secretary of State, (-Dec.).  
 MASSEY, Vincent, High Commissioner in Great Britain, (-May).  
 MASTER, Oliver, Assistant Deputy Minister of Trade and Commerce.  
 McIVOR, G. H., Chief Commissioner, Canadian Wheat Board.  
 McNAUGHTON, General A. G. L., Chairman, Canadian Section, PJBD; Representative to the Atomic Energy Commission of the United Nations.  
 MITCHELL, Humphrey, Minister of Labour.  
 NASH, W., Deputy Prime Minister of New Zealand.  
 PARSONS, J. G., Secretary, American Section, PJBD.  
 PEARSON, Lester B., Ambassador in United States, (-Oct.); Under-Secretary of State for External Affairs, (Oct.-).  
 PIERCE, S. D., Head, Economic Division, Department of External Affairs.  
 POPE, Lieutenant-General Maurice A., Head, Canadian Military Mission to the Allied Control Commission, Germany.  
 RASMINSKY, Louis, Alternate Chairman, Foreign Exchange Control Board.  
 READ, J. E., Deputy Under-Secretary of State for External Affairs and Legal Adviser, (-Feb.).  
 REID, Escott, Head, Second Political Division, Department of External Affairs, (March-).  
 REID, Vice-Admiral H. E., Chief of the Naval Staff, (Feb.-).  
 RITCHIE, C. S. A., Head, First Political Division, Department of External Affairs, (-Dec.).  
 ROBERTSON, Norman A., Under-Secretary of State for External Affairs, (-Sept.), High Commissioner in Great Britain, (Oct.-).  
 ST. LAURENT, Louis S., Minister of Justice, (-Dec.); Secretary of State for External Affairs, (Sept.-).  
 SCOTT, H. A., Commercial Counsellor, Embassy in United States.  
 SIM, David, Deputy Minister of National Revenue (Customs and Excise).  
 SMITH, Sir Ben, Minister of Food of Great Britain, (-1946).

SMUTS, maréchal Jan Christiaan, premier ministre de l'Afrique du Sud.

SOLANDT, O. M., directeur général de la recherche pour la défense, ministère de la Défense nationale.

STONE, T. A., conseiller, (-nov.), ministre, (nov.-), ambassade aux États-Unis.

STRACHEY, John, ministre des Aliments de Grande-Bretagne, (1946-).

TOWERS, G. F., gouverneur, Banque du Canada.

VANIER, major-général Georges P., ambassadeur en France.

WILGRESS, L. D., ambassadeur en Union soviétique.

WILSON, C. F., directeur, direction du blé et des grains, service du commerce étranger, ministère du Commerce.

WRONG, H. Hume, sous-secrétaire d'État associé aux Affaires extérieures, (-oct.); ambassadeur aux États-Unis, (oct.-).

SMUTS, Field Marshal Jan Christiaan, Prime Minister of South Africa.

SOLANDT, O. M., Director General of Defence Research, Department of National Defence.

STONE, T. A., Counsellor, (-Nov.), Minister, (Nov.-), Embassy in United States.

STRACHEY, John, Minister of Food of Great Britain, (1946-).

TOWERS, G. F., Governor, Bank of Canada.

VANIER, Major-General Georges P., Ambassador in France.

WILGRESS, L. D., Ambassador in Soviet Union.

WILSON, C. F., Director, Wheat and Grain Division, Foreign Trade Service, Department of Trade and Commerce.

WRONG, H. Hume, Associate Under-Secretary of State for External Affairs, (-Oct.), Ambassador in United States, (Oct.-).





## ILLUSTRATIONS

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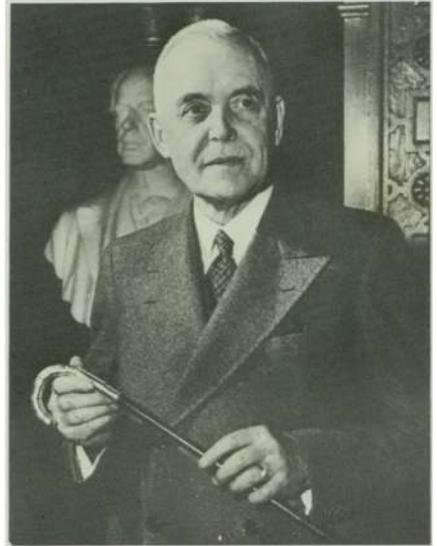
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C-13225

Le très honorable W. L. Mackenzie King  
Rt. Hon. W. L. Mackenzie King



C-8099

© Andrews-Newton Photographers

Hon. Louis S. St. Laurent



New World

N. A. Robertson



C-23130

© Gaby, Montreal

L. B. Pearson



New World

H. H. Wrong



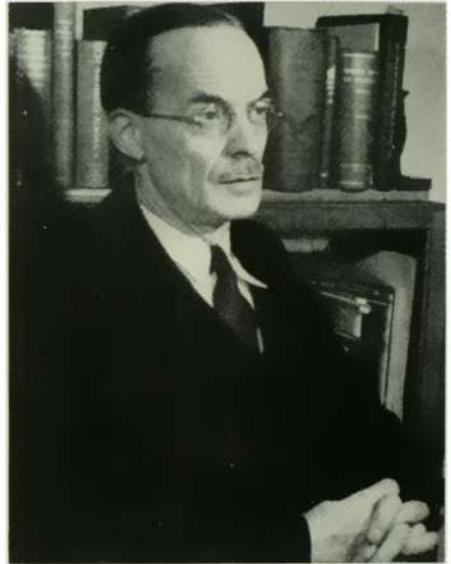
New World

J. E. Read



New World

L. Beaudry



New World

W. H. Measures



New World

C. S. A. Ritchie



New World

R. M. Macdonnell



Office national du Film/National Film Board

Escott Reid



S. D. Pierce



PA-44791

La politique étrangère du Canada fut élaborée en grande partie dans cet édifice, l'Édifice de l'Est des Édifices du Parlement, où se trouvaient les bureaux du Premier ministre et du ministère des Affaires extérieures et où le Cabinet se réunissait.

Canadian foreign policy was developed in large part in this building, the East Block of the Parliament Buildings, which housed the offices of the Prime Minister and of the Department of External Affairs and in which the Cabinet held its meetings.



Vincent Massey, haut-commissaire en Grande-Bretagne depuis 1935, a donné sa démission en 1946. Sur la photo, on voit Mackenzie King (centre), alors à Londres, disant au revoir à M. et M<sup>me</sup> Massey lors de leur départ de la Grande-Bretagne au mois de mai.

Wide World Photos  
Vincent Massey, High Commissioner in Great Britain since 1935, resigned in 1946. The photograph shows Mackenzie King (centre) then in London, saying good-bye to Mr. and Mrs. Massey on their departure from Great Britain in May.



C-45193

©The Times (London)

Photo prise lors des dernières journées de la réunion des premiers ministres du Commonwealth. De g. à d.: Clement Attlee, Ernest Bevin, Vincent Massey, W. L. Mackenzie King, W. Nash, H. V. Evatt.

Photograph taken during the last days of the Meeting of Commonwealth Prime Ministers. L. to r.: Clement Attlee, Ernest Bevin, Vincent Massey, W. L. Mackenzie King, W. Nash, H. V. Evatt.



C-31302

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Mackenzie King et le Président Truman à la Maison Blanche lors de la visite du Premier ministre à Washington en octobre.

Mackenzie King and President Truman at the White House during the Prime Minister's visit to Washington in October.



Wide World Photos

Mackenzie King s'entretient avec Clement Attlee lors d'une réception à Paris quelques jours après l'ouverture de la Conférence de paix.

Mackenzie King in conversation with Clement Attlee during a reception in Paris a few days after start of Peace Conference.



C-44640

©Photo France Illustration

Membres de la délégation à la Conférence de paix de Paris. De g. à d.: le major-général Georges Vanier, N. A. Robertson, W. L. Mackenzie King, Brooke Claxton, A. D. P. Heeney, L. D. Wilgress.

Members of the Delegation to the Paris Peace Conference. L. to r.: Major-General Georges Vanier, N. A. Robertson, W. L. Mackenzie King, Brooke Claxton, A. D. P. Heeney, L. D. Wilgress.



Wide World Photos

Quatre membres de la délégation à la première partie de la première session de l'Assemblée générale des Nations Unies. De g. à d.: Vincent Massey, Louis St. Laurent, Paul Martin, H. Hume Wrong.

Four members of the Delegation to the First Part of the First Session of the General Assembly of the United Nations. L. to r.: Vincent Massey, Louis St. Laurent, Paul Martin, H. Hume Wrong.



Wide World Photos

Louis St. Laurent (à droite) et Paul Martin (centre) faisaient aussi partie de la délégation à la deuxième partie de la première session de l'Assemblée générale. À leur droite, W. McL. Robertson, un autre membre de la délégation.

Louis St. Laurent (right) and Paul Martin (centre) were also members of the Delegation to the Second Part of the First Session of the General Assembly. To their right, W. McL. Robertson, another member of the delegation.



C-24826

Trois membres de la CPCAD. De g. à d.: le général A. G. L. McNaughton, le major-général Guy V. Henry, F. H. La Guardia.

Three members of the PJBD. L. to r.: General A. G. L. McNaughton, Major-General Guy V. Henry, F. H. La Guardia.



Wide World Photos

Graham Towers (à gauche) s'entretient avec Fred Vinson, secrétaire au Trésor des États-Unis, peu avant le début de la réunion conjointe inaugurale des Conseils des Gouverneurs du FMI et de la BIRD.

Graham Towers (left) in conversation with Fred Vinson, Secretary of the Treasury of the United States, prior to start of Joint Meeting of the Boards of Governors of the IMF and the IBRD.

CHAPITRE I / CHAPTER I

CONDUITE DES RELATIONS EXTÉRIEURES  
CONDUCT OF EXTERNAL RELATIONS

PARTIE 1 / PART 1

ADMINISTRATION

SECTION A

GÉNÉRALITÉS / GENERAL

1.

L.B.P./Vol. 7

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

PERSONAL AND CONFIDENTIAL

[Ottawa,] May 8, 1946

ORGANIZATION OF THE UNDER-SECRETARY'S OFFICE

While you are away from Ottawa you may be able to consider, with greater detachment than is possible here, what can be done to reduce the extreme congestion in the direction of the Department. The appointment of a separate Secretary of State for External Affairs is necessary before a number of the most desirable changes can be made, but we have reached a position in which other changes not connected with such an appointment ought to be instituted.

Among the first essentials is a firm resolution on your own part, which must be backed by the efforts of your personal staff, to prevent the accumulation in your office of papers which are awaiting an opportunity that often cannot arise for you to examine them. I should like to see the whole apparatus of baskets filled with waiting papers swept away and the office adorned with no more paper than that which you require for the work immediately in hand. A mere resolution on your part will, of course, not achieve this end without changes in practice, which must, if they are to succeed, be applied consistently and even ruthlessly.

The first needed change in practice is that a great deal of paper that is now routed through your office should not be so routed. This means that there will have to be a much more rigorous selection from the reports reaching the Department of the material sent to you only for information. It also means

that you should not attempt to follow a number of Departmental activities, except when they give rise to questions of some substance.

In order to enable you to find time to deal with matters which are the essential concern of the Under-Secretary, some change should be made to reduce constant interruptions. I find these the most trying aspect of work in Ottawa; it is usually difficult to concentrate on one matter for more than a few minutes, and interruptions often occur at the most inconvenient moment. This will mean the deflection of many visitors, including members of the department, to other officers, and it will also mean rendering yourself less accessible on the telephone. On the latter point I would suggest a stringent rule that when you are conferring with other people in your office or dictating your telephone should be shut off except in specially urgent matters, as the constant succession of telephone calls not only makes discussion or dictation difficult but wastes the time of those with you. The British practice of passing telephone calls to a senior official only through a private secretary who can act as a filter might be instituted here.

The administrative problems of the Department must also be filtered more thoroughly before they reach you for decision. The barriers between the Under-Secretary and individual members of the Department and Service should be made more formidable. When Matthews returns this situation will improve, but changes in system are needed to diffuse responsibility for promotions, transfers and so on, and to prevent your office being used as the repository of numerous individual claims and grievances.

Any changes in method will have to be rigorously applied, as otherwise we shall just slip back into the present confusion. It is thoroughly bad policy to permit a position to arise in which the permanent headship of the Department is a killing post. With the current and prospective extent of our activities, the only way in which the post can be made tolerable is for the holder to achieve a greater remoteness from the daily demands, pressures and worries which are inevitable in the conduct of the foreign policy of a country as large as Canada. This remoteness can only be established by delegation to others, so that there is an effective and constant separation between the matters really requiring the Under-Secretary's attention and those which can be conducted without contact with him. I am sure that one of the first objectives is to diminish to modest proportions the flow of paper which now engulfs him.

The general conclusion of this note is that the Under-Secretary must be more effectively sheltered from the approaches of all and sundry, whether these approaches are made in person, by telephone or in writing. A system which will relieve the pressure on his time so as to enable him to devote sufficient attention to central problems can only be developed over a considerable period and can never be complete. We have, I think, gone some distance towards the acceptance of a more reasonable order of priorities in departmental business, but there is still a long way to go. The appointment of a full-time Minister would be of substantial assistance here. In addition, however, the Department and establishments abroad are now large enough to

require the interposition between the Under-Secretary and the Chiefs of Division of three or four senior officials, each of whom would supervise the activities of two or more divisions. When this can be done, most of the matters reaching the Under-Secretary should do so through a Deputy or Assistant Under-Secretary rather than direct from Divisional chiefs or other officers. Our personnel problems, of course, prevent the selection of suitable officers for all of these posts in the near future.

A step which might be possible almost at once is to appoint as personal assistant or private secretary to the Under-Secretary an officer of higher rank who would be in direct charge of the Under-Secretary's office and who would have some authority to regulate the flow of business reaching the Under-Secretary personally and to direct the other members of the office. In rank such an officer should perhaps be a First Secretary. He should have if possible a room to himself. He should see the incoming telegrams and should be present at many of the discussions in the Under-Secretary's office so that he could make a note of the outcome. The post should be regarded as about on a parity in importance with that of a chief of division.

H. W[RONG]

2.

W.L.M.K./Vol. 250

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

PRIVATE AND PERSONAL

[Ottawa,] June 13, 1946

In thinking about our conversation last night, it has seemed to me that the problem of filling the senior posts in the External Affairs Service really turns upon the arrangements decided upon for the ordering of the Department itself.

2. In respect of internal administration and establishment, our Department has grown to a size which probably requires the direction of a Departmental Minister. The total personnel in Ottawa and abroad is about 350, compared with 100 before the war. We now have 22 posts abroad as against 6 in 1939, and the total expenditures for which the Department is responsible to Parliament will be of the order of \$5,000,000 this year. In numerical strength the Department is small in comparison with many departments in Ottawa, but it has a highly qualified and highly classified personnel, with proportionately, and perhaps absolutely, many more people in the upper salary brackets than any other department of Government. Problems of recruitment, promotion and transfer are important and delicate. They all involve a large degree of departmental initiative and Ministerial responsibility. In addition to these continuing questions, we now have to face, from pretty nearly every post abroad, the problem of securing suitable office and living accommodation for

our representatives. In most cases, considerations of wisdom and economy argue in favour of the Government purchasing and furnishing the required properties. The responsibility for the innumerable administrative decisions arising out of this side of our business, is becoming pretty heavy and it will be increasingly difficult for a Prime Minister to give them the consideration they require before submission to Treasury Board or to Parliament, as the case may be.

3. On the other hand, considerations of general policy argue pretty strongly for continuing to combine the posts of Prime Minister and Secretary of State for External Affairs. The central link in the system of Commonwealth consultation is the provision for direct exchanges of views between the Prime Ministers of the Commonwealth countries, and major policy questions would continue to be handled in this way, regardless of whether we had a separate departmental Minister. Similarly, the established medium for direct personal consultations between the Governments of Commonwealth countries is the meeting of Prime Ministers, not a meeting between the Dominions Secretary and Ministers for External Affairs. These conventions imply that the Prime Minister would have to supervise, very closely, the general conduct of external relations, even though he were assisted by a separate departmental Minister.

4. More or less similar considerations affect the handling of our diplomatic relations with the United States, where the major questions of policy have been handled for the United States by the President rather than by the Secretary of State, though the latter is the responsible administrative head of his department and of the diplomatic service, and is responsible for implementing major policy decisions which may have been negotiated by the President. (Cf., the Ogdensburg Agreement leading to the establishment of the Permanent Joint Board on Defence, the Hyde Park Declaration governing financial cooperation between our two countries, and the Washington Declaration on Atomic Energy.) Regardless of whether you decided to appoint a departmental Minister, the general character of Canadian-United States relations would continue, I think, to be the inescapable responsibility of the Prime Minister and the President.

5. A third peculiarly Canadian consideration is that the people and Parliament expect you to take a direct and major part in Canadian participation in getting the United Nations established and in the negotiation of the treaties of peace. This is a practical political commitment, which played an important part in deciding the outcome of the last general election, and should be given a good deal of weight in determining to what extent you can delegate responsibilities in the foreign affairs field which now rest upon you as Prime Minister.

6. The problem, as I see it, is to find a practicable arrangement which takes into due account the desirability of such administrative devolution as is indicated in para. 2, and the necessity of the Prime Minister being in a position to fulfill the special responsibilities in the field of foreign affairs referred to in paragraphs 3, 4 and 5. It would probably be difficult to work out this kind of

division of the field if a very senior Minister was appointed Secretary of State for External Affairs. If one of the abler, younger men were appointed to the post, these very limitations upon his responsibilities would facilitate the gradual development of a separate Ministerial Department of External Affairs without interfering, in any way, with the continuity of the main lines of Canadian policy. The load taken from your shoulders should be considerable, but it would not, in itself, be a full load for a first class man. A man becoming Secretary of State for External Affairs under these conditions should, therefore be available not only to carry a certain amount of Canadian representation at international conferences, but should also be able to carry a larger share of the general policy work of the Government than the head of a big administrative department could be expected to do.

N. A. R[OBERTSON]

3.

W.L.M.K./Vol. 242

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

SECRET AND PERSONAL

[Ottawa,] June 14, 1946

In present circumstances, our representation in Washington and London will probably depend on the decisions you take regarding the senior organization of the Department in Ottawa. If it should be decided to appoint a Minister, then I think Wrong or I could be assigned abroad, or both of us if it were thought desirable to bring Pearson back as Under-Secretary. Having in mind the job of work that has to be done in London during the next year or two, I am inclined to think that one of us three should be assigned there.

I have been thinking about the possibility of Wilgress for London, but feel that his best qualities are not those specially needed there now. He has shown himself in Moscow to be a wise and shrewd observer, and a first-class diplomatic reporter of conditions and attitudes of mind. In general, he is more effective on paper than in conversation. This would, I think, be a draw-back in London, where the urgent need is to have the general Canadian position in relation to the United Kingdom, the rest of the Commonwealth and the United States more clearly understood in policy making circles than it is now. On the other hand, if Pearson were to be sent to London and Wrong and I retained in Ottawa, then I think Wilgress should be considered as a possible replacement of Pearson in Washington.

(Some two or three months ago I wrote privately to Wilgress,† asking him what his personal preferences about future employment would be, on the assumption that a three-year term in Moscow was about as long as anybody could be expected to stay under present conditions. I have not a copy of his reply† with me, but my recollection is that his first choice would be that of

Canadian representative to the United Nations, if such a post were necessary, and secondly he would like to succeed Odlum in China).

N. A. R[OBERTSON]

4.

DEA/9113-40

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

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

TELEGRAM 434

Ottawa, September 4, 1946

IMMEDIATE. Following for the Ambassador from the Prime Minister, Begins: I have today submitted my resignation as the Secretary of State for External Affairs to His Excellency the Governor General and have recommended the appointment of the Rt. Hon. Louis S. St. Laurent as my successor in that office. His Excellency has been pleased to approve of both recommendations and Mr. St. Laurent has taken office this afternoon. On this leave-taking from the Department of External Affairs, over which I have had the privilege of presiding for nearly twenty years, I wish to thank you and the members of your staff for the loyal and efficient cooperation which has enabled us to work together in building up the Canadian diplomatic service and enhancing thereby the position of Canada in the world. Ends.

Please convey copy of this message to Hon. Brooke Claxton and members of the Canadian delegation at the Peace Conference.

5.

L.B.P./Vol. 7

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

PERSONAL AND SECRET

[Ottawa,] October 2, 1946

DIVISIONAL ORGANIZATION

For two reasons it is necessary to make some change in the organization of divisions. One reason is the reporting for duty here of additional officers of Counsellor rank—Kirkwood, Chance, possibly Macgillivray, and Magann—for temporary duty. All of these would normally become Chiefs of Division once they have learned more about the departmental machinery. The other and continuing reason is the change in the character of the work.

The Legal Division can be left as it is and so can the Economic Division, although I would hope that a Deputy or Assistant Under-Secretary could be found before long to take special responsibility in the economic field. The two Political Divisions which are geographical in character could be expanded to

three, although there is no very convenient way of dividing the world into three parts. The Second Political Division is probably the largest in the department, but I do not think it would be easy to cut off the British Commonwealth from Europe by dividing it in two.

The First Political Division has no clearly defined field of work, but I believe that the idea of concentrating responsibility in one division for dealing with questions of international organization is a sound one. It may be best to expand this division on the assumption that at any one time a considerable proportion of its staff is likely to be serving on delegations at conferences. We have to draw on officers of the division for conference work altogether too heavily, with the result that what is left in Ottawa tends to become too small to carry on the necessary work.

Defence questions are going to consume a good deal of departmental energy and activity. Their consideration is now centred in the Under-Secretary's office. He attends meetings of the Chiefs of Staff from time to time and also attends the Cabinet Defence Committee, and this is a responsibility that he cannot normally delegate to another officer. Macdonnell is the other officer principally concerned with defence questions, arising out of his position as Secretary of the Canadian Section of the P.J.D.B. I suggest that you should discuss the whole problem of the handling of defence matters with Heeney. I do not see how they can be concentrated in a single division and yet it appears to me that they should receive more time and thought than is now given to them. When defence relations with the United Kingdom are under consideration they are handled in part by Reid and officers of his division, and I am a little concerned to ensure that we keep constantly in step.

If, as I expect, Beaudry is unable to return to duty, or will have to be absent for a long time, the opportunity is a good one to re-organize the Diplomatic Division. I think that there is a natural line of cleavage between the aspects of its functions which relate to ceremonials, protocol, hospitality and so on, and those concerned with passports, visas, travel and related questions. I am not sure where responsibility ought to be placed for immigration matters. Both Robertson and I have taken a hand in this and have used Riddell as the principal expert. This is because Riddell has a very extensive knowledge of the subject, on which he worked before he joined the department, and has full information on current refugee problems. He would like to continue to be involved in immigration matters. Chance might also be useful in this connection. The Under-Secretary is expected to act as the chairman of an inter-departmental committee on immigration, which ought to hold meetings about once a month. I have also regularly attended the infrequent meetings of the Cabinet Committee on this subject. It is a matter with which, like defence, the department will be increasingly concerned, especially until the Immigration Branch is strengthened.

The Information Division has a rather vague field and a somewhat misleading title. It nevertheless conducts a large amount of correspondence which does not fall within the area of any other division. It might be best to attach it

directly to the Under-Secretary's office and to use its Chief as the principal assistant of the Under-Secretary, but I am not sure of this. I think that UNESCO will consume a good deal of departmental time and energy and it is important from your point of view that this should be directed by a fairly senior person of very sound judgment since activities of this nature touch many agencies in Canada with which we do not normally have much to do. I feel that you should give consideration to the problems of this division fairly soon. The question of C.I.S. I shall deal with in a separate note.

The Passport Office has already undergone some re-organization, but this has only just begun. A departmental committee under Wershof is revising passport regulations and procedures in order to fit the terms of the Citizenship Act. This is a matter of high urgency as everything must be approved in time to reach our Missions abroad before the Act comes into effect on January 1, 1947. That is a separate question, however, from the normal administration of the Passport Office and I think we should take action on the general lines of the recommendations made by Sivertz. If any satisfactory solution of the space problem comes into sight it ought to include the physical integration of the Passport Office with the department so as to permit closer supervision. Without this, however, I favour the appointment of a Chief of a Passport Division or Passport and Visa Division, who would have more time and greater responsibility for passport matters.

I am sure that the objective should be to interpose two or three senior officers between the Under-Secretary and Chiefs of Division, who would be responsible for supervising groups of divisions and would be the principal advisers of the Under-Secretary. I think it also important that the Minister should, on certain questions, deal directly with Chiefs of Division and not always through the Under-Secretary and I am sure Mr. St. Laurent would fall in with this. This would mean some saving in the Under-Secretary's time until we are in a position to strengthen the higher direction of the department.

H. W[RONG]

6.

DEA/9321-40

*Mémorandum de la direction économique au sous-secrétaire d'État  
aux Affaires extérieures*

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

[Ottawa,] October 4, 1946

PROPOSAL TO APPOINT CIVIL AIR ATTACHÉS  
AT CANADIAN MISSIONS ABROAD

I do not think there is much to be said for this proposal at the present time. Present experience with civil air matters indicates that this work can be handled satisfactorily by a Foreign Service officer on the staff of our Missions, and so far as I know at no Mission is it a full-time job, or approximately so.

Even in Ottawa, this work is now handled very satisfactorily by one officer, Mr. Kidd, and he has some time for other work in the Division.

Moreover, the tendency of some Foreign Services to appoint specialized attachés for each newly recognized functional field of foreign work should, I think, not be adopted by Canada unless there are very special reasons to justify it in a particular case. The Service attachés are traditional exceptions of long standing and for them attaché status is often necessary for the appropriate local contacts and local standing. Similarly, exceptions may be useful in a few very important posts for Information Officers. But, in general, it is surely preferable to have Foreign Service officers of sufficient versatility and breadth of interest to handle the type of work envisaged in proposals for Civil Air Attachés, Labour Attachés, etc., etc. Civil air matters in particular are of such importance, or may become of such importance, in foreign relations that I should expect they would be one of the last fields to be devolved onto Special Attachés. Quite different considerations might apply with respect to the appointment, for example, of an agricultural economist as an Attaché at such posts as Moscow and Copenhagen: the qualifications needed for agricultural intelligence work are highly specialized, and the bearing on political foreign policy questions relatively remote.

To the extent, however, that civil aviation work in London, Washington, possibly Canberra, and perhaps some South American Mission, is becoming increasingly important, it may become necessary, in due course, to make some arrangements. It may, for example, become desirable that one of the Secretaries at London and Washington should have had experience at the civil air desk in the Department; and that one of the Secretaries at certain other Missions should spend a few days or weeks, either before his appointment or during leave in Canada, working with the officer in Ottawa handling civil aviation, to get a clear overall picture of Canadian air policy and the method of handling civil air matters among the various government departments and agencies in Ottawa.<sup>1</sup>

A. C. S[MITH]

7.

L.B.P./Vol. 7

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] October 8, 1946

In one of the notes I have given you I have suggested, as a possibility, that the Information Division might be made directly dependent on the Under-

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

A. C. S[mith] Please prepare reply for Mr. St. Laurent along lines below expressing interest and all that but turning down the proposal, softly!

Secretary's office, with its Chief acting as the principal assistant to the Under-Secretary. Whether this would work would depend on the choice of an individual and on thinking over the probable field of operations of the Information Division it occurs to me that there are other difficulties. One of the most intricate matters with which the Department will have to deal, relates to the operations of UNESCO. It has already given rise to a considerable volume of correspondence with organizations in Canada with which we normally do not do business. These organizations are unfamiliar with the operations of government and are sure constantly to advance impracticable proposals.

I do not see any alternative to assuming central responsibilities in this Department. C.I.S. or, at any rate, Andrew,<sup>1</sup> personally, has longings to be the main Government Agency in UNESCO affairs, but I see a lot of trouble if that is done which would further complicate our already difficult relations with C.I.S. We are going to need to vest responsibility inside the Department in a good man who can be realistic, tactful and imaginative, otherwise you will find yourself in the unwelcome position of constantly having to say no to proposals which may have reached the stage of half-commitments.

In short, UNESCO makes it necessary for us to operate in the cultural relations field more comprehensively than we had hitherto contemplated and I am afraid that it will consume a great deal of time and energy. Côté will be able to give you a first-hand report of the difficulties in the temporary Advisory Committee.<sup>2</sup> As a sample, after I had told them, in opening the meeting, that I thought the Government would not appoint a delegation of more than 8 or 10 all told, and after Dr. Wallace<sup>3</sup> had agreed that this was necessary, the representative of the Canadian Arts Council made the suggestion that his organization alone should be represented at the Paris Conference by two delegates and some twenty advisers. The domestic organizations in these fields naturally tend to think of UNESCO as a means whereby they can establish far-reaching international contacts under the aegis of the Government and, in part, at its expense.

I have never been happy about the way in which UNESCO was created and I have long thought it would have been better either to merge these international activities in the operations of the United Nations itself or to wait for three or four years before trying to embark on the creation of a specialized agency.

H. W[RONG]

<sup>1</sup> G. C. Andrew, directeur du Service d'information canadien.

<sup>2</sup> Voir le chapitre 8, partie 7, section d.

<sup>3</sup> Dr. R. C. Wallace, directeur de l'Université Queen's.

<sup>1</sup> G. C. Andrew, Director, Canadian Information Service.

<sup>2</sup> See Chapter 8, Part 7, section d.

<sup>3</sup> Dr. R. C. Wallace, Principal, Queen's University.

## SECTION B

## ATTACHÉS MILITAIRES / MILITARY ATTACHÉS

8.

DEA/50037-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au sous-ministre de la Défense nationale (armée)*

*Acting Under-Secretary of State for External Affairs  
to Deputy Minister of National Defence (Army)*

CONFIDENTIAL

Ottawa, May 14, 1946

1. I am very glad to learn from your letter of May 2nd† that your department has been considering a readjustment of the arrangements concerning the appointment, training, duties and administration of Canadian Military Attachés in order to bring our procedures in line with British and United States practice and to ensure that your department obtains full value from the appointments. We have also in this Department been giving some thought to the matter and I agree that the present is a suitable time to clarify the position of Military Attachés. It would also be useful if, at the same time, we could clarify the position of Naval and Air attachés.

2. It would perhaps be convenient if I were to comment in turn on the various points raised in your letter.

*Appointment*

3. I agree that it is for the Minister of National Defence, on recommendation of the Chief of the General Staff, to take responsibility for nominating Military Attachés from among officers with suitable qualifications and training. A continuance of the present practice under which this Department has an opportunity to comment informally on the proposed nominee before the name is put forward formally for approval by the Secretary of State for External Affairs would be agreeable to us.

4. I understand that United Kingdom practice is to appoint as Military Attachés young officers with Staff College training chosen for their abilities and possessing wide battle experience in the recent war and to promote them on a local basis to whatever rank may be desirable.

5. I am glad that you intend to ensure that each Military Attaché, before proceeding to his post, is given appropriate training including language training. We should be glad to make some arrangement whereby Service Attachés could be attached to this Department for instruction and for the purpose of getting background information.

*Terms of Reference*

6. During the war it was almost inevitable that the Service Attachés at our Missions should find themselves involved in certain tasks which are

normally performed by the diplomatic staff of a Mission. We are very grateful for the assistance which the Service Attachés have, during the war, rendered to our Missions but we agree that the time has now come to define more precisely than hitherto the functions of Service Attachés.

7. As I understand it the purpose in sending a Military Attaché to one of our Missions is to give the Canadian Government a direct source of information concerning the organization, progress and value of the military forces and military resources of the country to which the Military Attaché is accredited. Any other duties of a social or ceremonial character which a Military Attaché might perform are of secondary importance.

8. Up to the present a Military Attaché on appointment has received a letter of appointment from this Department. He has not, so far as I know received a detailed set of general instructions from your department. While I think that a number of changes might usefully be made in the letter of appointment from this Department, what is essential, it seems to me, is that the letter of appointment be supplemented by a detailed set of instructions similar to the United Kingdom's "War Office Instructions for Military Attachés" and the similar United Kingdom instructions for Air and Naval Attachés.

9. Our experience in dealing with political and economic reports from our Missions abroad is that one essential factor in securing first-class reports is guidance and direction from Ottawa on the nature of the reports which are desired. Letters of appointment and printed "instructions" are useful but they require to be supplemented by requests for reports on specific subjects and by comments on reports received. We have found that the standard of work of an external affairs officer stationed abroad improves when he sees evidence that his work is being given careful, even critical, evaluation by the Department in Ottawa. My impression is that the success of the United Kingdom system depends in very large part on the efficiency and organization of the three Intelligence Directorates in London.

10. In the letter of appointment and in the supplementary "instructions", I think we would be wise to follow closely the United Kingdom practice under which the Service Attaché submits formal reports to his Ambassador on all subjects which are important and writes memoranda on less important matters. (The United Kingdom practice is to call these formal reports "despatches" but this term is somewhat confusing and we might perhaps agree to use the term, "report"). Under the United Kingdom system the Military Attaché's reports would be sent by the Ambassador, possibly with comment, to us and would be transmitted by us to the Chief of the General Staff with any comments which seem to us called for. To save time a copy of the report could also go direct from the Military Attaché to the Chief of the General Staff. The formal reports of a Service Attaché would be supplemented by memoranda which he would send direct to the Chief of the General Staff. Under United Kingdom rules the memoranda are written on

“less important matters such as minor changes in the organization, tactics, equipment and training of the army as well as on technical and topographical matters” and on “all questions of pay, allowances, administration and interior economy of the appointment”.

11. It is, as you say, essential that a Military Attaché should keep himself fully informed on economic conditions and political happenings in the country where he is stationed. Without such knowledge he cannot properly carry out his duty of interpreting the military efficiency and readiness for war of the country, its preparation for industrial mobilization and the trend of its military thought. It is therefore important that a Military Attaché should keep in close touch with the political and economic officers of the Mission in order that there should be the maximum exchange of information and opinion on these subjects. But I suggest that there would be danger in giving Military Attachés a broad instruction to report to the Chief of the General Staff on economic conditions and political happenings even if this were limited to reports written from the military point of view. Isn't it rather that in his reports on military matters the Military Attaché should take into account the relevant economic and political factors?

#### *Precedence*

12. I believe that the general practice is for Service Attachés to rank immediately after the diplomatic Counsellor where there is one or after the First Secretary in Missions where there is no Counsellor.

#### *Communications*

13. The United Kingdom distinction which I mentioned above between reports and memoranda would seem to cover this point.

#### *Accommodation and Staff*

14. This is a matter for National Defence to decide. I would, however, point out that the only diplomatic officer who is provided with a car is the Ambassador or Minister. Counsellors, who rank before Service Attachés, have to provide their own cars. Perhaps also as long as there is a Military Mission in Washington, the Attaché there will not need a car.

15. I suggest that it would be useful if the whole question of the future organization of the work of Military, Naval and Air Attachés were discussed at an early meeting of the Chiefs of Staff Committee. I would be happy to take part in that discussion. In addition to discussing the questions raised in your letter of May 2nd I would be interested in having an indication of the posts to which the various Chiefs of Staff think that Attachés from their respective services might be sent. Perhaps the Chiefs of Staff Committee, following this discussion, might ask the Joint Intelligence Committee to draw up a revised letter of appointment and a detailed set of instructions for Service Attachés. It might prove possible to draw up a set of instructions which would be uniform for military, naval and air attachés.

16. I am informed by Canada House that the entire question of instructions and pay and allowances for United Kingdom naval, military and air attachés is under review at the present moment, and that the members of the interservice committee dealing with this matter, anticipate that revised regulations will be issued within three months.

9.

DEA/50037-F-40

*Le secrétaire d'État aux Affaires extérieures au chargé d'affaires en Chine<sup>1</sup>*

*Secretary of State for External Affairs to Chargé d'Affaires in China<sup>1</sup>*

DESPATCH 478

Ottawa, October 30, 1946

SECRET

Sir,

I have the honour to enclose the new instructions to be issued by the Department of National Defence for Naval, Military and Air Attachés. These instructions have been agreed by the Chiefs of Staff and this Department. I also enclose a copy of the new letter of Appointment of Service Attachés† which has been similarly agreed. Attachés who already hold a Letter of Appointment will not, however, have one of the new letters issued to them.

The Department of National Defence will shortly issue copies of the new instructions to the various Service Attachés.

I have etc.

R. G. RIDDELL  
for the Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Instructions pour les attachés navals, militaires et de l'air*

*Instructions for Naval, Military and Air Attachés*

SECRET

[n.d.] 1946

## SECTION I—GENERAL

1. Naval, Military and Air Attachés occupy a dual position and have a dual responsibility. They are representatives in a foreign country of their respective Services, and they form part of the Canadian Diplomatic Mission in the country concerned. They must at all times bear this dual nature of their duties in

<sup>1</sup> La même dépêche fut expédiée aux ambassades à Washington, à Moscou et à Paris.

<sup>1</sup> The same despatch was sent to the Embassies in Washington, Moscow and Paris.

mind. While performing their duties on behalf of the Department of National Defence, they are nevertheless under the general supervision of the Canadian Chief of Mission as far as the manner of execution of their duties is concerned. The attaché is thus responsible to his own Chief of Staff for the acquisition of Naval, Military or Air information and, at the same time, to the Chief of the Mission to whom he will act as advisor on affairs concerning the corresponding service in the foreign country to which he is accredited.

2. Naval, Military and Air Attachés must act with the greatest circumspection in order to avoid any suspicion that they are endeavouring to secure secret information through illicit means. Attachés must have no relations whatever with persons acting or professing to act as spies or secret agents.

#### SECTION II—DUTIES IN RELATION TO THE DEPARTMENT OF NATIONAL DEFENCE

3. Naval, Military and Air Attachés, except where other provision is made i.e. Washington and London, are the principal sources for the Canadian Government and for their own Service of information on the potential effectiveness for war of the corresponding service of the country to which they are accredited.

4. An Attaché will, therefore, cultivate as close relations as possible with the corresponding service and with any other persons or organizations which may assist him in acquiring information, subject to the instructions in para 2.

5. An Attaché will take every opportunity of visiting installations, training establishments, demonstrations, manoeuvres and exercises to ascertain for himself the standard of equipment and training which prevails in the corresponding service.

6. Should the foreign country have forces engaged in operations, an attaché must endeavour to visit such forces. Permission of the Chief of Mission will be obtained before application is made to the authorities of the foreign government for permission to make such visits.

7. An Attaché will extend his field of interest to include scientific experiments and inventions, and the development of new weapons and equipment.

8. It is essential that an attaché should keep himself fully informed on economic conditions and political developments in order to report adequately in his field. A comprehensive appreciation of the foreign country's readiness for war must take account of political stability and industrial strength. Close association with the officials of the Mission concerned with political and economic matters should therefore be maintained.

9. As the local representative of his own Service, an attaché is responsible for the service discipline of all members of his Service travelling in the foreign country. An attaché will assist all such visitors, in matters pertaining to his service, without encroaching upon the proper sphere of duty of Diplomatic, Consular or other officials.

10. An attaché is himself responsible in matters of service discipline to his Chief of Staff. He is responsible for the discipline of members of his staff who are employed by his own service.

#### SECTION III—DUTIES IN RELATION TO THE CHIEF OF MISSION

11. Naval, Military and Air Attachés are attached to the Canadian Mission in the foreign country as members of the Chief of Mission's Staff. In all matters, except those of a purely technical or Service nature, an attaché comes under the general supervision and guidance of the Chief of Mission. Anything which affects relations between Canada and the foreign country is the responsibility of the Chief of Mission.

12. An attaché is advisor to the Chief of Mission on all matters pertaining to the corresponding service in the country to which he is accredited. An attaché will, therefore, keep the Chief of Mission continually informed on the conditions obtaining in the corresponding service.

#### SECTION IV—REPORTS AND MEMORANDA

13. Attachés will submit the results of their observations in two ways: (a) reports and (b) memoranda.

14. Comprehensive despatches involving a general appreciation or concerning some major aspect of the armed forces of the foreign country will be known as reports. Reports will be submitted on the following occasions, and at such other times as the Director of Intelligence concerned or the attaché consider the matter to merit it:

(a) In conjunction with the annual report of the Chief of Mission. This should take the form of a full appreciation of the effectiveness for war of the corresponding service in the foreign country.

(b) As soon as feasible following publication of the annual estimates or statements on national defence. This report should be a careful analysis, drawing conclusions and making comparisons with previous estimates.

(c) At the conclusion of important manoeuvres, demonstrations or exercises.

15. Reports will be addressed to the Chief of Mission who may comment on them, before transmission to the Department of External Affairs. The Department of External Affairs in turn may append its comments before passing the report to the Chief of Staff concerned. A separate copy of such formal reports will be sent by an attaché under separate cover directly to the Director of Intelligence of his service.

16. Memoranda will be submitted on matters of more technical interest. These will be addressed to the Director of Intelligence of the Service concerned. Although memoranda are not addressed to the Chief of Mission, he will be informed of their contents if he so desires. An attaché will keep the Chief of Mission informed of the contents of memoranda which he considers will be of interest to him.

17. An attaché will receive separately a list of subjects to which he should direct his attention. Such lists cannot be exhaustive. In addition, specific briefs will be prepared at frequent intervals by the Director of Intelligence concerned, to which particular attention should be directed. It cannot be too strongly emphasized that reports from an attaché can only have their full value if they are related to current intelligence problems of his own Service. An attaché should, therefore, enquire frequently of his Director of Intelligence whether detailed information on certain subjects, which have come to his attention, is desired at the time, and he should be guided by the instructions received. Before making official visits to major establishments or to specific areas, an attaché should enquire of his Director of Intelligence what, if any, particular information is required at the time concerning the establishment or area. On all such matters of technical interest, an attaché will receive instructions directly from and will report directly to his own Director of Intelligence, subject to the procedure outlined in para 16. It will be of obvious advantage for an attaché to adopt the filing system used by his Director of Intelligence. The first essential of productive work by an attaché is close liaison with his own Service Headquarters through the Director of Intelligence. If the Director of Intelligence knows on what subject the attaché has the opportunity of acquiring information and the attaché knows on which subject information is most urgently wanted, the best possibility is given for the attaché's time and energy to be most fruitfully employed.

SECTION V—RELATIONS WITH AUTHORITIES OF THE COUNTRY  
TO WHICH ACCREDITED

18. An attaché will arrange in the manner locally prescribed to be presented to the Chief of Staff of his corresponding service as soon as possible after arrival. An attaché will not normally begin to perform his duties until he has been presented. It is well to make first calls very brief.

19. Thereafter, official communications with service authorities should follow carefully the channels prescribed by the foreign government. The Chief of Staff will usually designate as his representative the Director of Intelligence or a Foreign Liaison Officer to deal with all routine requests for information.

20. An attaché will adhere scrupulously to the correct manner of obtaining information and of making arrangements for visits. An application in advance for permission to visit Naval, Military or Air establishments will probably be required. In making plans for travelling, the designated representative of the Chief of Staff should be informed and courtesy calls made on local commanders.

21. An attaché should not ask for classified information unless instructed to do so by his Director of Intelligence because such a request may lead to a request for reciprocal information. For the same reason caution must be observed in asking permission to witness confidential practices or experiments and in accepting invitations to witness such practices or experiments. Detailed instructions will be issued to attachés on this point.

22. An attaché in the natural course will become acquainted with non-service government officials. Cordial relations should be cultivated with them as information on service matters is often gained from such officials. Before addressing official communications to non-service officials, however, the Chief of Mission's approval should be obtained.

23. The personal acquaintance of as many Naval, Military and Air officers as possible should be sought as a duty. From them, by informal contact, will come much of the background knowledge for an appreciation of the general views prevailing in the Armed Forces of the foreign country. In addition, personal knowledge of senior commanders and staff officers should lead to a sound judgment of their ability in time of war.

24. It is important for service attachés to move freely among the appropriate circles of the civilian population in the capital of the country to which they are accredited. It is important, however, always to remain impartial to any prevailing cliques or political, social and religious factions within the armed forces of the foreign country.

#### SECTION VI—RELATIONS BETWEEN CANADIAN SERVICE ATTACHÉS

25. Canadian Naval, Military and Air attachés are meant to work together in very close liaison. In the larger capitals where there are attachés of all three Services, it is important that they keep each other continually informed of their main observations. Thus, in forming his general appreciation, each will have the advantage of contradictory or corroborative observations of the others. Reports involving general appreciations should be exchanged.

26. In smaller capitals, where only two or even one of the Services is represented by an attaché, the affairs of the Service or Services not represented will require careful attention. Unless instructions are issued to the contrary, the attaché of one Service will not be responsible for reporting on matters pertaining to either of the other two Services. During temporary absence of an attaché, one of his colleagues can often usefully maintain the flow of his routine business.

#### SECTION VII—RELATIONS WITH CANADIAN NON-SERVICE REPRESENTATIVES

27. An attaché should keep in the closest possible touch with Diplomatic and Commercial officers of the Mission Staff. It should be borne in mind that service attachés may be able to assist their colleagues by passing them information concerning their own fields which they have acquired in the course of their duties.

28. Regular but not too frequent visits should be paid, under the guidance of the Chief of Mission, to Canadian Consular, Commercial and Immigration officials outside the capital. Such visits should not be allowed to compromise the official concerned. They are of definite value in keeping touch with the country at large.

SECTION VIII—RELATIONS WITH CANADIAN SERVICE ATTACHÉS  
IN NEIGHBOURING COUNTRIES

29. Subject to the Chief of Mission's approval in manner of execution, an attaché should seek the opportunity for an exchange of views with Canadian Attachés in neighbouring countries. It should be borne in mind that information about the Armed Forces of the country to which an attaché is accredited may be obtained outside the country itself. Specific items of importance as well as general view-points are often obtainable from the sidelines, as it were. Where visits are out of the question, a system of exchanging memoranda should be instituted.

SECTION IX—RELATIONS WITH FOREIGN SERVICE ATTACHÉS

30. An attaché should call on foreign attachés of the corresponding service as soon as convenient after taking up his duties. It is important to cultivate cordial relations with them and to be familiar with their views on the Armed Forces of the country in which the attachés are serving. The possibility of acquiring information about a foreign attaché's own Armed Forces should not be overlooked.

31. An attaché must exercise discretion in voicing his own opinions or in conveying official information. An attaché must be familiar at all times with Department of National Defence policy on releasing information to foreign governments and be guided by it. Some countries are completely in the confidence of the Canadian Government (e.g., United Kingdom and United States of America). Other countries will, in principle, be given no classified information whatsoever. There will also be intermediate cases where restricted or confidential information may be divulged but nothing secret. This policy is based upon Canadian foreign policy as it obtains from time to time. Attachés will be kept currently informed of regulations in this regard. Failing specific instructions, attachés must observe changing political relationships with this consideration in mind and be guided by the Chief of Mission and their own judgment.

32. An attaché will keep in mind that his first duty is to report worthwhile information to his own service. He will maintain a frank and cordial exchange of views and information with attachés of friendly countries, and indeed is obliged to make a special point of so doing. On the other hand, the responsibility of passing information to other countries is that of the Director of Intelligence concerned.

SECTION X—LOCAL ADMINISTRATION

33. An attaché will deal directly with his Director of Intelligence on all matters of administration pertaining to his staff and himself. It will be the duty of the Director of Intelligence to refer the matter to the Department or Branch of the Service immediately concerned.

10.

DEA/50037-40

*Mémorandum du bureau du sous-secrétaire d'État aux Affaires extérieures  
à la deuxième direction politique<sup>1</sup>*

*Memorandum from Office of the Under-Secretary of State  
for External Affairs to Second Political Division<sup>1</sup>*

SECRET

[Ottawa,] November 2, 1946

I discussed the attached memorandum<sup>2</sup> on Service Attachés with Mr. Pearson yesterday. I pointed out that I thought it important that the Chairman of the J.I.C. should represent the views of this Department, that these views should not vary from those expressed by the Under-Secretary and the Chiefs of Staff Committee. Mr. Pearson agreed with this view and said that he agreed with the principle set out in the paper, namely that the prime reason for appointing Service Attachés was for intelligence. In regard to the specific posts, he did not think that there was any justification for a Naval Attaché in either the U.S.S.R. or China, and felt that we should express this view in the J.I.C. He took this view on intelligence grounds. In regard to Mexico he felt there was some justification for the appointment of an Air Attaché and said that he did not think the reasons put forward by Dr. Keenleyside were too remote from the realms of intelligence to spoil our general case.

If the J.I.C. does not agree with these views, I think we have no alternative but to have the Chairman put up a dissenting view on behalf of the Department. Mr. Pearson agreed with this.<sup>3</sup>

G. G. C[REAN]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du bureau du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Office of the Under-Secretary of State  
for External Affairs*

[November 2, 1946]

The views of the Department of External Affairs vary from those expressed in the attached submission<sup>4</sup> in the following respects:

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<sup>1</sup> R. G. Riddell

<sup>2</sup> Le document suivant.

<sup>2</sup> Following document.

<sup>3</sup> La note suivante était écrite sur ce mémorandum:

<sup>3</sup> The following note was written on the memorandum:

11 December: J.I.C. agreed to recommend an air attaché for Mexico via a military attaché. Consideration of Military attaché to S[outh] or Central America deferred. As the Navy was not likely to have Naval officers for appointment to China or U.S.S.R. in under a year it was decided by Mr. Riddell and I that we would not press in the J.I.C. to delete these recommendations.

G. G. C[REAN]

<sup>4</sup> Le document suivant.

<sup>4</sup> Following document.

*Part II, Paragraph 1, U.S.S.R.*—While it is agreed that intelligence concerning the Naval Forces of the U.S.S.R. is required, it is considered doubtful whether a Naval Attaché in Moscow would produce the desired results.

*Paragraph 2*—Similarly in the case of China, it is doubtful whether information on the U.S.S.R. Naval Forces would be available in sufficient quantity to justify the appointment of a Naval Attaché.

*Paragraph 7, Mexico*—It is not considered that there is justification on intelligence grounds for the appointment of a Military Attaché. On the other hand, it is felt that there would be some justification for the appointment of an Air Attaché. We are informed that Mexico is steadily developing as a military and civil air power and that the armed forces are paying the greatest attention to developments in the air. Proportionately, a large part of its defense appropriations is being allotted to the development of air facilities and it is thought that the proportion will increase in the future. Most of the developments in the air are presently based on United States experience and United States material has largely been used. There is, however, a greater anti-American feeling in Mexico than in any other Latin-American country and it is thought that the authorities in Mexico would show great interest in Canadian training methods and organization and that, in turn, we would obtain useful information on the development of both civil and military air matters in Mexico.

G. G. CREAN

11.

DEA/50037-40

*Le secrétaire, le Comité interforce des renseignements, au secrétaire,  
le Comité des chefs d'état-major*

*Secretary, Joint Intelligence Committee, to Secretary,  
Chiefs of Staff Committee*

SECRET

Ottawa, December 14, 1946

APPOINTMENT OF NAVAL, MILITARY AND AIR ATTACHÉS

1. As directed by the Chiefs of Staff at their 360th meeting, the Joint Intelligence Committee has reviewed Service requirements and priorities for attaché representation abroad and submits for consideration by the Chiefs of Staff the attached document:

“Report on the Requirements for Service Attaché Posts”.

2. In determining the priorities between the Services, and between the various posts to which attachés should be appointed, the basic reasons underlying the establishment of Service Attachés abroad were taken into consideration and the report has, therefore, been divided into two parts:

Part I—General principles to be observed in the appointment of attachés.

Part II—Service requirements and priorities based on these principles.

3. In submitting their report the Committee strongly recommends: (a) the approval of the principles outlined in Part I; and (b) that the various appointments outlined in Part II be implemented as soon as possible and that the highest priority be given to the appointment of an Air Attaché to Moscow.

J. A. K. RUTHERFORD  
Lieutenant-Colonel

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du Comité interforce des renseignements*

*Memorandum by Joint Intelligence Committee*

SECRET

[Ottawa,] December 13, 1946

REPORT ON THE REQUIREMENTS FOR SERVICE ATTACHÉ POSTS

PART I—GENERAL CONSIDERATIONS

1. We feel that the appointment of attachés should be considered in the light of overall intelligence policy. While recognizing that each Service will inevitably have its individual intelligence requirements, based upon the responsibility for briefing its Chief of Staff and Commanders, these requirements should always be related to Canadian intelligence policy generally.

2. We recognize that Canada cannot hope to compete with the United Kingdom and the United States in the maintenance of a world-wide network for intelligence purposes, nor would it be desirable to attempt to do so.

Canada's position, vis-à-vis the United States and the United Kingdom, is one in which Canada should make certain original contributions, however small, in the field of intelligence. This is already being done in one aspect of secret intelligence, and the proposals for a Joint Intelligence Bureau would ensure a similar contribution in the field of overt intelligence, namely topographical, meteorological and similar intelligence in regard to Canada itself. We consider it essential however that the Canadian intelligence contribution to the international pool be not limited to Canada itself.

A certain amount of original overt intelligence can be obtained through attachés stationed at the more important centres abroad. Original intelligence concerning foreign countries even if limited in quantity will strengthen the Canadian position, and ensure the receipt of maximum intelligence of all kinds from the United States and United Kingdom.

3. We wish to stress that the strengthening of the intelligence organization as a whole in Ottawa should proceed at the same time as the expansion of attaché appointments, and at no time should the number of attaché appointments outrun the capacity of the intelligence organizations in Ottawa. We feel that the work of attachés will be valueless unless the intelligence organiza-

tions in Ottawa are capable, by virtue of the numbers and quality of their personnel, of dealing with the product of the attachés' work, and of giving directions concerning the tasks in hand.

4. We have accordingly attempted to work out priorities for appointments on the basis of what we consider to be the most pressing overall needs of the intelligence organization as a whole including the individual Directorates of Intelligence.

5. We consider it of great importance that only suitable personnel, who are capable of obtaining intelligence results, should be appointed as attachés, and we recognize the importance of avoiding the appointment of officers by reason only of their seniority in the Service concerned. We also recognize the importance of training officers in intelligence work and consider that attaché appointments, and in particular junior appointments, should be considered in this light.

6. We also consider it essential to bear in mind that the total attaché representation at any post should bear a reasonable relationship to the size of the Mission concerned, and in general consider it undesirable to give the impression that the Canadian Government, in establishing a Mission, had in mind the establishment of a Service, rather than a diplomatic Mission. Where it is not possible or desirable for various reasons to appoint attachés from the three Services to certain Missions it should be borne in mind that a suitable attaché from one of the Services may gain useful experience in representing all three Services, particularly as the need for joint staff training is now universally recognized.

7. The posts and priorities which we recommend are set out in Part II of this paper together with the reasons for their establishment. In making these recommendations, however, we take the view that posts and priorities should be kept under constant review in the light of intelligence needs, and the availability and suitability of personnel.

8. We also consider that the Joint Intelligence Committee is the body best suited to recommend the posts to which attachés should be appointed in the light of the foregoing general considerations. We therefore recommend that the Joint Intelligence Committee be charged with the following tasks:

- (a) The constant review of the requirements for attaché representation abroad.
- (b) The determination of priorities for appointments between the various Services.

## PART II

The following recommendations concerning the appointment of Service attachés to various posts are made subject to the availability of suitable personnel to fill the appointments.

### 1. U.S.S.R.

In view of the obvious importance of the U.S.S.R. from an intelligence point of view we consider that all three Services should be represented in Moscow. At the same time, we recognize that from an intelligence point of view more information can frequently be obtained by means of attachés stationed in countries adjacent to the U.S.S.R. In recognizing that there should be three attachés in Moscow, therefore, it is to some extent contingent on the opportunities which may arise in the future for stationing attachés in Poland, Czechoslovakia or Yugoslavia. A Military Attaché is already stationed in Moscow. While we realize that accommodation is difficult in Moscow, we nonetheless urge that steps should be taken immediately to appoint an Air Attaché. It is understood that a suitable candidate will be available in the near future. While we also recommend the appointment of a Naval Attaché, it is not considered that the appointment has as high a priority as those of the other two Services. We feel that the Naval requirements might be partially met by an appointment to another country on the periphery of the Soviet Union.

It should be noted that the Soviet Mission in Ottawa is considerably larger than the Canadian Mission in Moscow and includes three Military Attachés. We feel that this situation should be stressed when negotiating with Soviet authorities for the appointment of and accommodation for additional Canadian Service Attachés in Moscow.

### 2. CHINA

We consider that the attaché posts in China are of primary importance from the point of view of information that may be gathered concerning the Soviet Union although it is recognized that a study of the Chinese Army is of some importance. There is already a Military Attaché in Nanking and it is recommended that the post be retained.

We further recommend that no priority be established as between the Navy and Air Force and that Air and Naval Attachés be appointed. An appropriate candidate has been provisionally selected for the Air Force appointment.

### 3. FRANCE

Paris is at present the most important capital in Western Europe, and as such is an important centre for the gathering of intelligence concerning Western Europe generally and the Soviet Union. Army and Air Attachés already exist and we recommend that a Naval Attaché be appointed when available.

### 4. NORWAY

The terrain and climate of Norway are similar to those of Canada. From the point of view of technical experiments, and the problem of defence generally, therefore, much may be learned from close association with the Norwegian Services. This is particularly true of the Norwegian Air Force which

is beginning to experiment with flying in Arctic conditions. We recommend therefore that an Air Attaché be appointed to Oslo.

In regard to the Navy and Army, we recognize that the Navy should have second priority, should it be desired to appoint a Naval Attaché. We consider, however, that our views in regard to the appointment of attachés in Oslo would change in the event of a Mission being opened in Stockholm and we recommend that should a Diplomatic Mission be opened there that the question of attaché representation in Scandinavia generally be reviewed.

#### 5. GREECE

We consider that an attaché of one of the Services should be appointed to the Embassy in Greece. It is considered to be a good listening post for matters concerning the Services of the U.S.S.R. and in particular the Army. We therefore recommend that a Military Attaché be appointed to Greece.

In the event of Missions being opened in Turkey, Yugoslavia or Italy, we feel that the question of priorities should be reconsidered as the Navy and Air Force have considerable interests in the Central and Eastern Mediterranean.

#### 6. BELGIUM

The appointment of a Military Attaché to Brussels is recommended, as a temporary measure, pending the opening of a Diplomatic Mission in Prague. We consider that Brussels is conveniently situated to obtain information on the views of the military circles of the small Western Powers, in particular, vis-à-vis the Soviet Union.

#### 7. MEXICO

Mexico is steadily developing both as a military and civil air power and most of the active members of the Armed Forces are tending to concentrate their attention upon developments in the air. Mexico is spending proportionately a large part of its defence appropriation on air facilities and from present indications it would seem likely that this appropriation would increase.

We therefore consider that an Air Attaché should be appointed to Mexico.

#### 8. SOUTH AMERICA

From a Naval point of view we consider it is important to appoint an attaché in either Brazil or the Argentine, in view of the comparatively small United Kingdom Naval Attaché representation, the general importance of South America as a whole and the U.S.S.R. efforts to gain influence there.

From an Air Force point of view, the Argentine is considered the most important of the South American countries.

We therefore recommend that an Air Attaché be appointed to Buenos Aires and a Naval Attaché to Rio de Janeiro.

9. The question of Military Attaché representation in one of the South and Central American countries is still under consideration.

## 10. U.S.A.

We recommend that the three attaché posts be maintained in Washington.

11. In the event of Diplomatic Missions being opened in Czechoslovakia, Sweden, Poland, Yugoslavia, Italy or Turkey, we recommend that the European attaché posts be reviewed.

L. H. NICHOLSON  
Assistant Commissioner  
Royal Canadian Mounted Police

R. H. MACDONALD  
Commander (SB)RCN(R)  
for Director General of Defence Research

F. F. LAMBERT  
Wing Commander  
Director of Intelligence (Air)

W. A. ANDERSON  
Colonel  
Director of Military Intelligence

?  
for  
Director of Naval Plans and Intelligence

R. G. RIDDELL  
Department of External Affairs

## [PIÈCE JOINTE/ENCLOSURE]

MISSION	<i>Existing Attaché Posts</i>			<i>Appointments Recommended for Immediate Implementation</i>			TOTAL		
	ARMY	NAVY	AIR	ARMY	NAVY	AIR	ARMY	NAVY	AIR
U.S.A.	1	1	1	Nil	Nil	Nil	1	1	1
U.S.S.R.	1	Nil	Nil	Nil	1	1	1	1	1
China	1	Nil	Nil	Nil	1	1	1	1	1
France	1	Nil	1	Nil	1	Nil	1	1	1
Norway	Nil	Nil	Nil	Nil	Nil	1	Nil	Nil	1
Greece	Nil	Nil	Nil	1	Nil	Nil	1	Nil	Nil
Belgium	Nil	Nil	Nil	1	Nil	Nil	1	Nil	Nil
Mexico	Nil	Nil	Nil	*	Nil	1	*	Nil	1
Argentine	Nil	Nil	Nil	*	Nil	1	*	Nil	1
Brazil	Nil	Nil	Nil	*	1	Nil	*	1	Nil
TOTAL	4	1	2	2	4	5	6	5	7

\*Military requirements under consideration.

## PARTIE 2 / PART 2

REPRÉSENTATION DIPLOMATIQUE ET CONSULAIRE  
DIPLOMATIC AND CONSULAR REPRESENTATION

## SECTION A

## GÉNÉRALITÉS / GENERAL

12.

W.L.M.K./Vol. 417

*Le deuxième secrétaire, l'ambassade aux États-Unis, au sous-secrétaire d'État  
aux Affaires extérieures**Second Secretary, Embassy in United States, to Under-Secretary of State  
for External Affairs*

Washington, February 27, 1946

Dear Mr. Robertson,

With reference to my letters† of February 9th, 12th, 13th and 20th concerning the visit of the Canadian Trade Mission to Central America and Colombia, I wish to offer a few concluding comments.

Undoubtedly, the highlight of the trip was the realization of Canada's prestige in the countries we have visited. It is easy to exaggerate the significance of courtesies extended under such circumstances but there were innumerable occasions where our hosts went out of their way to express their friendliness and show their admiration for Canada. The welcome in Mexico, Costa Rica and Colombia was particularly warm and cordial. Perhaps, I should record here that when Mr. MacKinnon thanked the Foreign Minister of Colombia for the expeditiousness with which his government had waived aside technical difficulties in order to sign with minimum delay a commercial agreement with Canada, the Foreign Minister feelingly replied that his Government would have done it for no other people but Canadian. Another evidence of the favour with which the Canadian Mission was viewed was the amount of publicity it received in the local press. As far as we have been able to ascertain our visit was covered equally well by the newspapers supporting the government and the Opposition press. I am enclosing, herewith, a complete set of newspaper clippings† on our visit in Guatemala, which is a good illustration in point.

We should bear in mind the friendly welcome extended to the Mission (in Honduras and Colombia for example, all the expenses of the group were paid by the government) when officials from these countries visit Canada. It is highly important, for the sake of good relations with these countries, that we show the same interest in their visit that they have shown in ours.

Canada's prestige in Central America seems to be to a large extent founded on two main considerations: (a) Central American countries are solidly pro-

allied and they look with admiration to the Dominion for its remarkable achievements during the war. They single out Canada as the nation in this hemisphere which, after the United States, has contributed most to final victory; (b) Central American countries bear with considerable uneasiness the overwhelming influence of the United States, economic or otherwise, and they welcome Canada for providing them with the opportunity of becoming less dependent upon the United States. I am afraid that now that the war is over, this second factor has a great importance in the minds of their leaders, when they think about Canada.

This is the starting point of our relations with these countries and it is a consideration worthwhile noting because it points out the direction our efforts should take in the next few years. It should be our job now to make Canada better known in Central America in order that she may be liked positively for her own sake, for what she has to offer, economically and culturally.

Closely linked with the above is the question of Canada's representation in Central America and Colombia. As already reported, the Minister of Trade and Commerce has told Guatemalan officials that he hoped that direct commercial representation will be established shortly between the two countries. It is likely that some time this year a Canadian Commercial Representative will be sent to Guatemala City and possibly to San José, Costa Rica. These two representatives would together have jurisdiction over the six Central American countries. As long as Trade and Commerce intends to send representatives to Central America, it would be wise to appoint them as Consular agents. The same reasons which justify our giving the status of Consul-General to the Trade and Commerce representative in Venezuela, apply even more forcefully in Central America in view of the fact that we do not intend to open, at least for some time, diplomatic missions there. Under these circumstances, it is doubly important that Canadian Commercial representatives in Central America be given an internationally recognized status, in order that they may not be hampered in carrying on a number of activities which it would be difficult or impossible for them to carry, in their capacity of trade commissioners.

The case of Colombia deserves special consideration. A number of Colombian officials, as expected, told us how anxious Colombia is to exchange diplomatic representatives with Canada and it took little effort to sense a feeling of disappointment on their part over the fact that this has not yet been done. The members of the Mission received, I think, the distinct impression that if we were to delay very much longer the establishment of a diplomatic mission in Bogota, we would be rendering a disservice to ourselves. Colombia thinks of itself as one of the leading nations of Latin America which has developed a more stable political life along democratic lines than most of her sister nations. It also has enormous national resources which it is hoped will make it one of the most important trading nations of Latin America. In addition, Canadian interests in Colombia are very wide as indicated by the presence of approximately 350 Canadians in the country.

We have been struck by the fact that practically every Central American country sent during the war a relatively large number of students to Canada. Parents with whom we had the chance to talk about this said frankly that they do not like the American educational methods and were attracted by the slightly more conservative character of our educational system and the presence in Canada of both French and English centers of learning. Undoubtedly, this is the best kind of publicity we can ever hope to get. The question can be raised as to whether Canada should do something to encourage this movement of students now that the war is over and that the reasons which prompted these students to come to Canada become less and less compelling.

If what we have in mind is to develop trade with these countries, a better form of publicity cannot be found because of its permanent value and the fact that it affects individuals who normally are called upon to assume a position of responsibility in their respective country.

If it is not feasible to grant a few scholarships to Central American students to attract them to Canada, it may at least be possible to give some publicity about educational facilities in Canada. The cooperation of Canadian colleges and universities may be sought to that effect. In any case, it is obvious that Canada has a distinct appeal for Central American students and we should not lose any opportunity to cultivate it.

It has been pointed out to me by several newspapermen in Central America that the information they normally receive about Canada consists mostly of a weekly news bulletin. This bulletin is highly appreciated and is reproduced in one form or another in the local press but the avidity for Canadian news is such that they would like to receive more of background information about Canadian life. Canadian art, science and literature are subjects which would be popular for the Central American public. I do not know whether it would be feasible to send more of this type of information through the channels which have already been established by Mr. A. Anderson.<sup>1</sup>

Similarly, I have been told many times by people in Central America who have visited Canada that Canadian films would be more than welcomed in their country. It may be possible to arrange for the distribution of such films by the Film Board Representative in Mexico City, until, at least, Canadian Consular agents can take over informational activities of this type.

While we were in Bogota, local newspapers reported rumours that the Canadian troops stationed in Jamaica may be called to take over certain public utilities services whose personnel had walked out as a result of the serious strike situation in the Island. It seemed to me that our friends in Colombia viewed this development with some disapproval. It is difficult to say of course whether this reaction is typical of other South American nations but I rather think that in Central America it would be similarly received in

<sup>1</sup> A. Anderson, directeur adjoint et chef de la distribution du Service d'information canadien.

<sup>1</sup> A. Anderson, Assistant Director and Chief of Distribution, Canadian Information Service.

view of their over-sensitiveness about anything which has the appearance of outside interference in domestic matters and the fact that Jamaica is a colony seems to have little bearing in the matter. The use of Canadian troops for anything else than purely defense purposes runs the risk of being misinterpreted and Canada has much to lose by publicity of this kind. If the use of Canadian troops for such purpose is seriously contemplated (which I do not know) careful consideration should be given to the matter on account of its possible adverse repercussions.

Finally, I wish to mention the invaluable assistance extended to the Mission by the British representatives throughout Central America and Colombia. Mr. MacKinnon has already sent them telegrams expressing his gratitude for what they did to make his visit pleasant and fruitful and I do not know whether you think it would be in order to send them a word from the Department as well.

Yours sincerely,

PAUL TREMBLAY

13.

W.L.M.K./Vol. 242

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au Premier ministre*

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

SECRET

[Ottawa,] June 15, 1946

OPENING OF NEW CANADIAN MISSIONS ABROAD

It is evident that we must return a definite answer as soon as possible to some of the requests which we have received for the exchange of diplomatic missions. The attached telegram No. 98 of June 10th† from the Dominions Office indicates that unless we make promptly a fairly encouraging and convincing reply to Venezuela we are incurring a real risk of harming Canadian interests in that country. The same situation prevails with respect to Colombia. We must however, in replying to individual countries consider the effect of our answers on our relations with a number of other countries. The following is a summary of the situation.

There are now in Ottawa diplomatic missions of six countries in which the Canadian Government has as yet been unable to establish Canadian missions. These are Poland, Czechoslovakia, Yugoslavia, Sweden, Switzerland and Turkey. These countries, or nearly all of them, have a reasonable claim to priority over newcomers in the field. We have been approached in one way or another within the last year or two by eight Latin-American countries which wish to exchange diplomatic missions with us. These are Colombia, Venezuela, Uruguay, Ecuador, Bolivia, Panama, the Dominican Republic

and Haiti, leaving only the five small Central American Republics and Paraguay as having shown to date no direct interest in exchanging diplomatic representation with Canada. In addition, in Europe we have accredited the Minister in Norway to Denmark but have not established an office in Copenhagen; we have received an Italian Representative who should, I think, after the conclusion of the Treaty of Peace be recognized as an Ambassador; and we have received requests for exchange of diplomatic representatives from Spain (clearly out of the question), Austria and Iceland. We have also been approached by Lebanon in the Middle East; we have stated publicly that we were ready to exchange High Commissioners with India in the early future; and it is becoming apparent that we shall have soon to open a United Nations office in New York.

In dealing with the more important requests for the opening of missions in Ottawa we have in one or two cases indicated our readiness to receive a Minister with the promise of early but not immediate reciprocity on our part. I think that we should clearly make the same offer to Venezuela which, in addition to this urgent appeal through the British Ambassador, has been pressing us through the Canadian Trade Commissioner, their Consul-General in Montreal and their Ambassador in Washington.

If we agree to deal with the more important requests in this manner, we should give as convincing evidence as possible of our difficulties in reciprocating at once. This might include a recital of the following facts:

1. that there are seven countries now represented by Ministers in Ottawa in which there are no Canadian missions;
2. that over a dozen other countries have expressed an interest in an early exchange of missions with Canada, and that a number of these requests must be considered together;
3. that between 1940 and the beginning of this year we established sixteen new Canadian missions abroad and reopened three in countries overrun by the Germans;
4. that participation in the United Nations, in other international organizations and in numerous conferences on special subjects has been a heavy added drain on our experienced personnel; and
5. that a number of Canadians who agreed temporarily to fill senior posts in the foreign service abroad and at home as a war duty have already returned or will shortly return to their previous occupations.

We should, I think, be sure that Colombia, Venezuela and Uruguay at least are treated in an identical manner and we should at the same time inform the Ambassador in Washington, the High Commissioner in London and our representatives in the Latin-American countries and in France of the line which they should take if they are approached on the matter by any representatives of countries in which we have no missions.

H. W[RONG]

14.

L.B.P./Vol. 7

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] October 8, 1946

This is just a brief note ad memoriam on my views on priorities, etc., over the establishment of new Canadian Missions.

I think that we can open in India by itself at any time without giving rise to complications with other countries. We can also, of course, open an office in Copenhagen under a Chargé d'Affaires at any time.

When we get beyond these two we run into difficulties. The claimants, on the ground of reciprocity, arranged in order of their opening Missions in Ottawa are: Czechoslovakia, Yugoslavia, Poland, Sweden, Turkey and Switzerland. The first three had Vanier accredited to them during the period of exiled governments in London. I am inclined to think that we should open in Poland and Czechoslovakia at least at the same time as, or earlier than, in Sweden and Switzerland. We can probably let Yugoslavia and Turkey wait for awhile.

Italy is in a special position. The Italian Representative has the courtesy rank of Consul General. He expects to be given diplomatic status after the conclusion of peace. The appointment of an Ambassador in Rome, however, without the simultaneous appointment of a representative to the Vatican, would cause domestic controversy. From the Italian point of view I think there is a good deal to be said for our opening both Missions simultaneously. I also feel that it would be difficult for the Government to propose opening at the Vatican.

With regard to other ex-enemy countries, we may have to reinforce the Mission in Tokyo before so very long. This does not give rise to the same sort of problem. The European satellites will have to wait for quite a long time before we can seriously consider an exchange of Missions. Austria has already approached us on the subject.

That sort of programme is enough to last us for some time. We shall, however, continue to be pressed from Latin America by Colombia, Venezuela and Uruguay in particular and I think it would be hard to distinguish between them and impossible to distinguish between the first two.

There is on top of this, of course, the whole question of an expanded Consular Service, especially in the United States. Our diplomatic Missions are doing a lot of Consular work already, especially in European capitals and in Mexico and Cuba. I am inclined to defer the appointment of new Consulates for two or three years, except perhaps in countries in which there are Canadian Trade Commissioners but not diplomatic Missions. We have

already given Consular rank to the Trade Commissioners in Venezuela and Portugal and in the latter case have appointed an officer of this Department as Vice-Consul.

H. W[RONG]

15.

DEA/50037-40

*Mémoire du chef, la direction diplomatique, au sous-secrétaire d'État aux Affaires extérieures*

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

CONFIDENTIAL

[Ottawa,] November 15, 1946

With respect to the note of October 21st<sup>†</sup> from the Minister of The Netherlands who wishes to be authorized to establish in Montreal a "Second Commercial Secretary" to be officially attached to his Legation, I submit herewith a draft reply<sup>1</sup> for your consideration and signature.

I understand that the Netherlands Minister lately asked you whether a reply would be expected soon to his note under reference. The Diplomatic Division had already prepared the reply to his note; our draft reply was submitted, before being signed, to the Legal Division. Mr. Wershof expressed the opinion that the Netherlands request might afford a convenient opportunity for us to raise the general question of principle and obtain a ruling on it from the Secretary of State for External Affairs, and then advise the foreign missions that we wish them to discontinue the maintenance of diplomatic officers outside Ottawa.

I attach Mr. Wershof's memo<sup>†</sup> with the file and its related papers.

The question may be summarized as follows:

(i) On September 26th Mr. Wrong consulted Mr. St. Laurent in writing on the position which we should take with respect to the office which the Commercial Counsellor of the Embassy of the U.S.S.R. has been maintaining in Vancouver<sup>2</sup>. Mr. Wrong suggested that we should invite the Soviet Embassy to close this office as the Canadian Government does not approve in principle the maintenance, outside of the Federal Capital, of branch offices or subordinate diplomatic officers officially attached to foreign diplomatic missions in Canada;

(ii) When Mr. Wrong submitted to Mr. St. Laurent the question of the Soviet Embassy commercial Office in Vancouver, he suggested that we should leave open for the present, the continued maintenance by other countries of their diplomatic offices in Montreal, and Mr. St. Laurent agreed to this.

<sup>1</sup> Voir le document 29.

<sup>2</sup> Voir le document 30.

<sup>1</sup> See Document 29.

<sup>2</sup> See Document 30.

(iii) These are the other diplomatic missions in Canada which maintain branch offices in Montreal:

(a) *The Belgian Embassy* have a Diplomatic Counsellor, Mr. Maurice Heyne, who is stationed in Montreal. Actually, I understand that his duties there are those of head of the Belgian Purchasing Mission and he only appears on the diplomatic list as a member of the Belgian Embassy, because of his personal rank in the Belgian Diplomatic Service.

(b) *The French Embassy* have a Commercial Attaché, Mr. Gérard Dubois, who is established in downtown Montreal.

(c) the whole *Norwegian Legation*, including the Minister's office and residence, is in Montreal. All the Secretaries and Attachés are there, with the exception of a Junior Attaché, who maintains an Office in Ottawa. This irregular arrangement has been accepted by our Department, although reluctantly, and to maintain the fiction that diplomatic missions should be in the Federal Capital, the Department always addresses its notes to the Norwegian Minister, to the Ottawa office of the Norwegian Legation.

After giving serious consideration to Mr. Wershof's suggestion (that the Secretary of State for External Affairs be asked for a general ruling, and that the foreign Heads of Missions be eventually advised, by a circular note, that they should refrain from maintaining diplomatic attachés outside Ottawa), the Diplomatic Division is of the opinion that the action proposed is unwarranted at the present time:

(a) a comparatively short time has elapsed since Mr. St. Laurent agreed to Mr. Wrong's suggestion that we should leave open for the moment the continued maintenance by countries (other than the U.S.S.R.) of their diplomatic offices in Montreal; no particular event seems to have taken place, meanwhile to warrant a change of policy in this respect and I can see no real motive that could justify our pressing the Secretary of State for External Affairs to take a definitive attitude at this particular moment;

(b) In as much as the majority of foreign missions (who do not maintain at present any officers outside Ottawa) are concerned, a circular to them would be somewhat "undiplomatic" and would serve no purpose;

(c) Such a circular could not be sent to the Dutch Minister, whose case is being treated separately, nor to the U.S.S.R. Chargé d'Affaires, with whom we have already been in communication, with respect to the Vancouver office of the U.S.S.R. Embassy;

(d) Such a circular, on the other hand, could scarcely apply to the Norwegian Minister, who has been allowed to reside himself, with almost all of his staff, in Montreal, for years, and who would very likely object to his very special position being assimilated to the general question of the maintenance of Attachés outside Ottawa.

It seems to me that the best course to follow for the time being is:

1. To put on record, in the Department's files, the Under-Secretary's dislike of the practice of foreign missions maintaining attachés outside of Ottawa.

2. To refuse in the future, any requests which we may receive on the part of the foreign Governments for permission to maintain part of their diplomatic staff in Montreal;

3. Refrain for the present from any action compelling those countries which have diplomatic offices in Montreal (France, Belgium, and Norway) to withdraw them.<sup>1</sup>

W. H. MEASURES

SECTION B

BRÉSIL / BRAZIL

16.

DEA/2216-U-40

*Mémorandum de la troisième direction politique*

*Memorandum by Third Political Division*

[Ottawa,] October 23, 1946

RE COMMERCIAL OFFICER IN SÃO PAULO, BRAZIL

Previous memos<sup>†</sup> have indicated the recommendation of Mr. Désy that the new Trade and Commerce officer (Mr. J. C. Depocas) appointed to São Paulo should be designated as *Consul*. This recommended designation is desired and expected by Mr. Depocas; it is endorsed by the Diplomatic Division, and also by Mr. Kirkwood.

The arguments in favour have been given by Mr. Désy as follows:

- (1) The translation of "Trade Commissioner" is ambiguous and equivocal.
  - (2) A "Trade Commissioner" would not enjoy a recognized status.
  - (3) A "Trade Commissioner" would not enjoy privileges or prerogatives or immunities of a Consul. He would be in an inferior position.
  - (4) São Paulo expects a Consul, and would not appreciate a Trade Commissioner. Goodwill is at stake.
  - (5) A designation as Consul would not adversely affect his work. It might however involve passport and visa duties.
- Other arguments that may be added are:

(6) Mr. Depocas, who has had several years in Italy as Assistant Trade Commissioner and nearly eight years in Argentina as Assistant Trade Commissioner and Assistant and Acting Commercial Secretary, is qualified to be Consul. He also feels that any other title would not give him (a) the prestige necessary for his work; (b) access to official circles or consular colleagues; (c) official status socially in São Paulo; (d) the immunities and privileges he has enjoyed in Argentina, and which have a pecuniary benefit.

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

Mr. Pearson approved all 3 recommendations. M. W[ERSHOF]

(7) A sense of inferiority of position would make for less enthusiastic work, and would have a bad psychological reaction on an able officer.

(8) We already have Trade Commissioners designated as Consuls in New York, Lisbon and Caracas.

(9) The origin of our diplomatic service was (a) to relieve British (U.K.) offices of Canadian work, (both diplomatic and consular), and (b) to assist Canadian Trade Commissioners to have more official access to foreign government departments. These objectives would be promoted in São Paulo by designating the Trade Commissioner as Consul.

In a memo of Mr. J. H. Cleveland to Mr. Beaudry of September 3, 1946† re Canadian Consuls to U.S.S.R. (file 2462-40C), he summarizes the duties of Canadian Consuls as follows:

“(a) To act as the liaison between the commercial communities of the two countries, promoting trade between them with the emphasis upon exports from his own country.

“(b) Protecting the interests of Canadian nationals abroad, e.g. registering births, issuing or renewing passports, assisting in difficulties with customs and police officials.

“(c) In ports looking after the interests of Canadian shipping and seamen.

“(d) Acting in a representative capacity—this includes the creation of goodwill between the two countries and an exchange of cultural information.

“(e) Reporting.

(i) Commercial: This is ordinarily done by Trade Commissioners and is an ancient function of Consuls; and

(ii) Political: This is more recent but has certainly become accepted in the British Consular Service.”

The Legal Division opposes the designation of Trade Commissioners as Consuls, primarily, it seems, over their implied passport and visa duties.

It does not seem that there should be more difficulty for a seasoned Trade Commissioner to learn the *pratique* of this than for new diplomatic secretaries, or for Embassy officers who must learn by communicated instructions.

If this objection is persisted in, however, the Consul in São Paulo need not at present assume those duties; but merely supply requisite forms to applicants and refer all passport and visa matters to the Embassy in Rio, as is at present done. This would at least be better than leaving such business to the local British Consul.

The consular duty of “political reporting” would not be essential, as this is done by the Embassy in Rio.

The consular duty of protecting Canadian interests in São Paulo, assisting in difficulties with customs and police officials, could be better done by a Consul than by a “Trade Commissioner”.

In general, the *interests of Canada* as a whole would be better served by a "Consul" in São Paulo than a Trade Commissioner.

K. P. KIRKWOOD

17.

DEA/2216-U-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*

Ottawa, December 7, 1946

Dear Mr. Pearson,

I think you are aware of our intention to open a new Trade Commissioner office at São Paulo. The territory of this office will be comprised of the State of São Paulo and all States south, plus an area known as Triangulo Mineiro at the western tip of the Province of Minas Geraes.

We have decided to assign to this new post Mr. Jean Charles Depocas. Mr. Depocas became Acting Commercial Secretary at Buenos Aires when Mr. J. A. Strong was transferred to New York. During the past few months he has been in Canada on home leave and has just completed a tour of the principal industrial centres. Mr. Depocas is prepared to leave any time after the middle of this month, but it does not appear likely that a passage will be available before January at the earliest. He will be accompanied by his wife, and children, Marie L. Y., aged fifteen years, and J. Jean Louis, aged thirteen years.

The question of Mr. Depocas' title and status at São Paulo presents some difficulty. We have been furnished with a copy of a memorandum to you from Mr. Jean Désy, † dated October 12, in which he expressed the fear that the title of Canadian Government Trade Commissioner would tend to dissociate the new office from the Embassy in the minds of Brazilians. It was suggested by Mr. Désy, in view of this and other considerations which he enumerated, that Mr. Depocas' title should be either that of Consul or Commercial Attaché. While we are agreeable to the designation of Mr. Depocas as Canadian Government Trade Commissioner, I believe it would assist Mr. Depocas in his duties and it would certainly be a considerable advantage to him personally if he were accorded commercial diplomatic, or consular status. To his designation as Commercial Attaché, there is, of course, the objection that he will not be located at the capital. That designation would be preferable from our point of view, but if you prefer to have him appointed as consul, I am quite agreeable.

Enclosed you will find two copies of Mr. Depocas' curriculum vitae. †

Yours faithfully,

M. W. MACKENZIE

18.

DEA/2216-U-40

*Le secrétaire d'État aux Affaires extérieures  
au Gouverneur général en Conseil*

*Secretary of State for External Affairs to Governor General in Council*

Ottawa, December 14, 1946

The undersigned, with the concurrence of the Minister of Trade and Commerce, has the honour to recommend to Your Excellency that Mr. Jean Charles Depocas, who has been appointed Canadian Government Trade Commissioner at São Paulo, Brazil, be appointed Consul of Canada at São Paulo, Brazil, with jurisdiction in the states of São Paulo, Parana, Santa Catharina, Rio Grande do Sul, also the Western portion of Minas Geraes known as Triangulo Mineiro and bounded by Sacramento, Patrocinio, Coromandel, Araguari, Ituiutaba and Campina Verde, and that a Commission under the Great Seal of Canada be issued to Mr. Depocas as Consul of Canada as aforesaid.

All of which is respectfully submitted.

LOUIS S. ST. LAURENT

SECTION C

COLOMBIE / COLOMBIA

19.

DEA/3104-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Pérou*

*Secretary of State for External Affairs to Ambassador in Peru*

DESPATCH 1

Ottawa, January 9, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to your despatch No. 291 of December 24 informing us of overtures made to you on three occasions by the Colombian Ambassador to Peru concerning the exchange of diplomatic missions between Canada and Colombia.

2. I note that in your reply to Dr. Fernández<sup>1</sup> you pointed out the difficulties which exist at present for Canada and that the Ambassador requested that you should write to convey information about his overtures to you. To complete your records, I am enclosing a copy of our despatch to the British Ambassador to Colombia which by an oversight, was not sent to you at that time. As you will notice in paragraph three of that despatch, reference is made to the statement of the Colombian Ambassador in Brazil that his colleague in Lima had been asked to discuss the question with you. I may add, that when

<sup>1</sup> Ambassadeur de Colombie au Pérou.

<sup>1</sup> Ambassador of Colombia in Peru.

Mr. Désy conveyed to the Colombian Ambassador in Brazil our regrets at being unable to open a mission at the present time, he was informed that the President of Colombia was anxious to reach an agreement for an exchange of missions before his term of office expired in August of this year. We asked Mr. Désy to tell the Ambassador that this fact would be kept in mind, but added, for his own information, that it would seem highly dubious that our staff situation would improve sufficiently by that time to make possible the desired exchange.

3. There is no slackening of the interests of Latin American countries in promoting exchanges with Canada. Since our expression of regret at our inability to establish diplomatic relations with Bolivia, Colombia and Uruguay, we have had parallel requests from Ecuador and Panama to whom the same answer has been given. It is, I think, the feeling in the Department that when conditions make possible the establishment of diplomatic relations with other Latin American countries, those deserving of first consideration are Uruguay, Colombia and Venezuela.

I have etc.

R. M. MACDONNELL  
for the Secretary of State  
for External Affairs

20.

DEA/3104-40

*Le sous-secrétaire d'État aux Affaires extérieures au ministre du Commerce*  
*Under-Secretary of State for External Affairs*  
*to Minister of Trade and Commerce*

Ottawa, April 6, 1946

Dear Mr. MacKinnon,

Thank you for sending me a translation and the original of the letter† which you received from the Minister of Foreign Affairs. As you suggested, I was particularly interested in the Minister's references in the fourth and fifth paragraphs of his letter to the intention of his Government "To accredit a diplomatic and consular representation in Canada sufficient in number and prestige to realize with the maximum benefit the desired economic and cultural interchange." We have been discussing, on several occasions, with Colombian diplomats the problem of an exchange of missions. They are undoubtedly most anxious to effect an exchange at the earliest possible moment and, under instructions, their Ambassadors have raised the question with our Ambassadors in Peru and Brazil, while the question was previously raised at their request with the British Ambassador in Colombia. On each occasion, the most recent being in January of this year, we have been obliged to express our deep regret at being unable to open the mission at the present time. At the same time, we pointed out to our own Ambassadors that we recognize Colombia's position as being important in Latin America and have rated it

and Uruguay as being the two countries which should next receive consideration in Latin America. Up to the present, we have not had any recent overtures of the kind suggested by the Foreign Minister in his letter to you.

For your information, I should perhaps explain that the chief difficulty impeding our exchange of missions is the problem of meeting our prior commitments in Europe. During the war, we could accredit a single Minister to the Allied Governments then resident in London. With their return to their home countries, that became impossible. We have been able, as you know, to meet our obligations to France, Belgium, Holland, Greece and Norway. We have still to send missions to Czechoslovakia, Yugoslavia and Poland, while three neutral countries, Sweden, Turkey and Switzerland have missions here and are naturally expecting reciprocal action on our part as soon as possible. Although we have added over forty officers, chosen from the Armed Services, to our departmental strength since April, 1944, we are still handicapped in providing junior personnel for existing missions with increased duties and for new missions as they are opened. There is also the question of securing the best possible type of representation to head these missions. At the present time we must find heads of missions or High Commissioners for the United Kingdom, South Africa, and Chile.

I have written at some length on this question because I appreciate your interest in the expansion of diplomatic representation abroad, and because of your visits and contacts in Latin America you are liable to be asked on more than one occasion the position of this Department.

Yours sincerely,

N. A. ROBERTSON

#### SECTION D

RÉPUBLIQUE DOMINICAINE/DOMINICAN REPUBLIC

21.

W.L.M.K./Vol. 333

*Mémoire du chef, la troisième direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] April 27, 1946

#### DIPLOMATIC RELATIONS WITH THE DOMINICAN REPUBLIC

I had a call yesterday from Mr. Jesús Maria Troncoso, the Governor of the Reserve Bank of the Dominican Republic. He has been talking to the Bank of Canada and some of the Chartered Banks about revisions in the Dominican Banking and Currency Laws. Among other things, they are giving up the use of U.S. dollars and are issuing their own pesos which will be based on U.S. dollars.

He had been asked by his Government to discuss the question of an exchange of diplomatic representatives while he was in Ottawa. I explained to him that the difficulties of rapid expansion and the necessity to reciprocate with European countries who had been established in Ottawa for some time made it impossible to send a Minister to his country at present. He then asked whether we could receive a Dominican Minister without sending a Canadian to the Dominican Republic and I told him that I thought the Government would be unwilling to do this. I suggested that a Consul, or Consul General, in Ottawa would be able to deal quite satisfactorily with such business as might arise, pointing out that he would have the same access to this and other Departments as a Minister.

Mr. Troncoso was, I think, prepared to agree that, in point of fact, a Consul General would fill the bill. However, he was obviously under instructions to pursue the possibility of appointing a Minister as far as possible. His final suggestion was that the Dominican Ambassador in Washington might also be accredited to Canada and that the Canadian Minister in Havana might be accredited to the Dominican Republic. I pointed out that in the past we had been unwilling to enter into such arrangements, but indicated that the passage of time had somewhat altered the situation and said I would bring his suggestion to your attention for consideration. What I did not mention to him, but what must be considered, is the position of Haiti. In view of the rivalry between the two countries, it is practically essential that we treat them in the same way. Whether the accreditation of the Canadian Minister in Havana to both the Dominican Republic and Haiti would be acceptable to those two countries is something that will have to be explored.

Finally, Mr. Troncoso asked where these conversations could be continued. I did my best to suggest that no early resumption of the conversations was likely to prove fruitful, but agreed to his proposal that any further advances which the Dominican Government might wish to make could be taken up by their Embassy in Washington with ours.

## SECTION E

## ÉGYPTE / EGYPT

22.

DEA/8589-40

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

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

London, December 3, 1946

Dear Mr. Pearson,

I wish to refer to my letter of November 13th,† regarding the desire of the Egyptian Government to establish a Legation in Ottawa, and to inform you that the Egyptian Ambassador came to see me the other day. His Government

fully appreciated the reasons why the Canadian Government could not contemplate an exchange of diplomatic missions at this time, and were grateful for the frank explanation of our position which had been given them. They were, however, still concerned about the representation of Egyptian interests in Canada, particularly at a time like this when problems of procurement, both food supplies and equipment, were worrying most governments. They felt their interests would be better served by the maintenance in Canada of a diplomatic mission which could supervise their purchasing activities and see that Egyptian enquiries were properly brought to the attention of the competent Canadian Departments of Government. Would we, in these special circumstances, agree to receive an Egyptian Minister if they expressly waived the question of reciprocity?

I explained to the Ambassador that the establishment of an Egyptian Legation in Ottawa automatically raised the question of our reciprocating, regardless of an understanding reached between our two Governments, and for this reason I felt that our Government would have to return a discouraging reply to his renewed request. I suggested, however, that his Government might consider the appointment of a Consul General to Canada, who would be able to do everything that a Minister could do for Egyptian trade and procurement interests. Such an appointment would not create for us any of the complications which might be anticipated from the establishment of an Egyptian Legation in Ottawa, and should meet at least the interim needs of the Government of Egypt. If, after some experience in the maintenance of a consular office in Canada, it appeared that the volume and the character of business between our two countries was such as to require more elaborate establishments, I had no doubt that the Canadian Government would view the exchange of diplomatic missions with sympathy. The Ambassador took up with alacrity this suggestion that a Consulate General might meet their needs, and undertook to recommend this course of action to his Government.

Yours sincerely,

N. A. ROBERTSON

SECTION F

FINLANDE / FINLAND

23.

DEA/8775-40

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

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

DESPATCH A.38

London, January 23, 1946

Sir,

I have the honour to enclose a copy of a letter† addressed by the Political Representative of Finland in London to the Foreign Office regarding the possi-

bilities of the appointment by Finland of Consular Officers in Canada before a Peace Treaty has been concluded.

2. In Dominions Office telegram D. No. 1493 of 18th August we were informed of the intention of the United Kingdom Government to receive a quasi-diplomatic Finnish representative in London who would not be accredited, but who would have direct access to His Majesty's Government in the United Kingdom.

3. In passing this communication to us the Dominions Office suggest that although it would not be possible for Consuls to be received on a full official basis they are enquiring whether the Canadian Government would raise any objections to receiving Finnish officials to perform consular duties as the United Kingdom Government have received a "political representative" to perform diplomatic duties here. I presume that the agreement by the Canadian Government to receive a representative of Italy with the personal rank of Consul-General would be analagous.

I have etc.

ALFRED RIVE  
for the High Commissioner

24.

DEA/8775-40

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

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

DESPATCH 613

Ottawa, April 8, 1946

Sir,

I wish to refer to your Despatch Number A-38 of January 23rd, regarding the possibilities of the appointment by Finland of Consular officers in Canada before a peace treaty has been concluded.

2. Since the Peace Conference is scheduled to start in the near future, I think that the question of accepting Finnish Consular officers in Canada may now be deferred until after the conclusion of a Peace Treaty with Finland. I would be grateful if you would ask the Foreign Office to suggest to the Political Representative of Finland that his Government wait until the establishment of peace permits them to appoint Consular officers to Canada in the ordinary way.

I have etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

## SECTION G

ISLANDE / ICELAND

25.

DEA/8887-40

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

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

Washington, May 20, 1946

Dear Mr. Wrong,

The Icelandic Minister, Mr. Thor Thors, came to see me the other day to enquire about the possibility of interchanging diplomatic representation with Canada. I explained our problems to Mr. Thor Thors and he replied that he appreciated them because Iceland was faced with similar difficulties to the point where he had been instructed to suggest that he himself be accredited in Ottawa as well as in Washington. I said that, in principle, we did not favour this sort of double representation; that we had tried it out ourselves with no real success. Mr. Thor Thors said that he understood our point of view, but in view of the fact that Iceland was such a small country he wondered whether an exception could not be made in her case. He said that, in fact, because of the large number of Icelandic people in Canada, his job there would be probably more important than his job in Washington, and he jokingly added that if it would help, he thought it might be arranged for him to be "Icelandic Minister to Canada, accredited also to the United States".

I told the Minister that I would put the matter up to the Canadian authorities and let him have a reply as soon as possible. I should be grateful, therefore, if the Department could send me word on this soon.

Yours sincerely,

L. B. PEARSON

26.

DEA/8887-40

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

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

Ottawa, May 31, 1946

Dear Mr. Pearson,

In your letter of May 20, you reported on an enquiry which the Icelandic Minister had made of you about the possibility of direct diplomatic relations being established between Iceland and Canada.

2. It seems to me that all we can do is to confirm the line which you have already taken with the Icelandic Minister. We are reluctant to accept a mission if we are not able to reciprocate, especially at the present time when we have not been able to send missions to the capitals of a considerable number of countries which are already represented here.

3. While there would be much to be said to making an exception for Iceland to our rule that we do not accept as representative here someone who is accredited to Washington, it would be dangerous for us to make such an exception since it would open the door to requests from other countries for similar treatment.

4. If you think it useful, you might make the suggestion to the Icelandic Minister which we have made to a number of other countries, and that is that if they wish representation in Ottawa they might establish a Consulate General here, pointing out that, in practice, we treat a Consul General in Ottawa from a country which had no diplomatic representation in very much the same way as if he were the head of a diplomatic mission.

Yours sincerely,

H. H. WRONG

SECTION H

LIBAN / LEBANON

27.

CEW/7

*Le ministre du Liban aux États-Unis à l'ambassadeur aux États-Unis*

*Minister of Lebanon in United States to Ambassador in United States*

Washington, January 14, 1946

Sir,

When I had the honor of paying Your Excellency a visit not so long ago, I took up with Your Excellency the question of diplomatic representation between our two countries so as to effect a complete normalization in our mutual diplomatic relations.

Your Excellency doubtless will recall that You promised me You would take up this matter with Your Government and let me know their opinion as soon as You received it.

My country and Government attach great importance to the establishment of normal diplomatic relations with Canada. I cannot therefore overstress our genuine desire for a speedy conclusion of this important matter.

May I request Your Excellency to renew Your efforts with Your Government to the end that between Lebanon and Canada diplomatic representation be exchanged as soon as possible?

Accept etc.

CHARLES MÂLIK

28.

W.L.M.K./Vol. 410

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

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

TELEGRAM 300

Ottawa, February 2, 1946

SECRET. I should be grateful if you could convey notes in the following terms to the Ministers of the Syrian and Lebanese Republics respectively, Begins: I have the honour to inform you that the Canadian Government is happy to accord formal recognition to the Government of the Syrian (Lebanese) Republic as of January 30, 1946. Ends.

For your information Lebanese Minister in Washington proposed to Canadian Ambassador an exchange of diplomatic missions between Canada and Lebanon, or at least the appointment of a Lebanese consul to Canada and authorization for Lebanese Minister in Washington to deal with Lebanese interests in Canada.

While we appreciate proposal for exchange of representatives we are asking Ambassador to intimate to Lebanese Minister that for reasons already explained to him informally there is no likelihood of our being able to accredit a Minister to Lebanon in the early future. We should, however, be happy to receive a Lebanese consul in Ottawa, and feel that for the time being such an arrangement should provide a satisfactory channel for dealing with any questions likely to arise. Ends.

## SECTION I

## PAYS-BAS / NETHERLANDS

29.

DEA/9242-40

*Le secrétaire d'État aux Affaires extérieures au ministre des Pays-Bas*

*Secretary of State for External Affairs to Minister of The Netherlands*

No. 112

Ottawa, November 15, 1946

Excellency,

I have the honour to acknowledge receipt of your note No. 3189, dated October 21st, 1946,† in which you inform me that your Government desires to appoint a Commercial Officer in Canada, who would be entrusted with various duties of a commercial nature, and who would be subordinate to the Commercial Secretary at your Legation and would have rank of "Second Commercial Secretary".

There would be no objection, of course, on the part of the Canadian Government to such an officer being attached officially to your Legation, although, with respect to his title, I might point out that the designation of "Assistant Commercial Secretary" appears to be more usually applied to foreign officials holding positions such as you describe.

You also indicate that your Government is considering the possibility of stationing the official mentioned above in the City of Montreal, where he would discharge his duties from the office of the Netherlands Consulate General. In this respect, I may say that, though such arrangements have been accepted by the Canadian Government in the past with respect to some foreign diplomatic missions established in Canada, the Canadian authorities do not approve, in principle, the establishment in cities other than the federal capital of branch offices or subordinate officers attached officially to the diplomatic mission of their country. The Canadian authorities prefer that foreign governments should endeavour to maintain all their diplomatic establishments in Canada at Ottawa, where the Federal Government has its seat; it is, therefore, only exceptionally that we have allowed diplomatic missions to maintain an office in other cities of Canada.

I realize that in the United States, as you say, some diplomatic missions maintain a financial officer in New York City, but I understand that this arrangement has been authorized by the State Department with respect to financial officers only, and that to retain the principle that all diplomatic missions should be in Washington, these officers are shown in the United States Diplomatic List as being stationed in Washington.

The appointment of the official whom you have in mind *in a consular capacity* as a member of the Netherlands Consulate General in Montreal, would be agreeable to the Canadian authorities. However, I should be grateful if you would inform your Government that the Canadian Government would not consider favourably the establishment of diplomatic offices or officials attached to a diplomatic mission outside the City of Ottawa.

Accept etc.

[L. B. PEARSON]  
for the Secretary of State  
for External Affairs

## SECTION J

### UNION SOVIÉTIQUE / SOVIET UNION

30.

DEA/9242-40

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

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

SECRET

[Ottawa,] September 26, 1946

During the enquiry into Soviet activities in Canada, we began to give consideration to the status of an office opened in Vancouver by the Soviet Commercial Counsellor, in the summer of 1944, to facilitate the loading, repair and supply of Soviet ships carrying Mutual Aid stores from Canada to

Vladivostok. So far as I know, no information came out during the enquiry pointing to the use of this office for improper activities. Formal permission was never given for its establishment as a branch of the Soviet Embassy and, as I recall the circumstances, it was regarded as a temporary arrangement only. The Soviet Ambassador discussed with me, at about the time this office was opened, the possibility of their establishing a Consulate in Vancouver, but he failed to follow this up.

We were recently surprised to learn that a property in Vancouver had been bought by the Soviet Government to accommodate the office and to furnish living quarters for some of the office staff. We heard of this first from local solicitors, but later received a formal request from the Soviet Embassy that the property should be exempted as diplomatic property from the payment of local taxes. In accordance with our regular practice with respect to property acquired by foreign governments outside the Ottawa district, we have informed the Soviet Embassy that we cannot accord tax exemption, and took this opportunity to express some doubt about the continued existence of the office. No reply has been received.

Two questions are thus raised:

(1) Should we ask the Soviet Government to close the office now that its functions (which were useful in wartime) have disappeared?

(2) Should we follow a common practice in other countries by asking all diplomatic missions which maintain "branch offices" outside Ottawa to concentrate themselves in Ottawa?

I gave Mr. Robertson the attached note about a fortnight ago, which summarizes reports from the R.C.M.P. and other Departments on the work of the Soviet office in Vancouver and on current traffic with the U.S.S.R. through that port. I am inclined to recommend that we should invite the Soviet Embassy to close the office, while leaving open, for the present, the continued maintenance by other countries of certain diplomatic officers in Montreal.<sup>1</sup> You may care to glance through the attached copy of a report of September 3rd† from the R.C.M.P. on the Vancouver office, before reaching a decision.

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

SECRET

[Ottawa,] September 14, 1946

We have now acquired fairly full information on the status and activities of the Soviet office in Vancouver and are in a position to decide whether we

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

I agree. ST. L[AURENT]

should request its closing. We have not yet had any reply from the Soviet Chargé d'Affaires to our note of August 20th,† concerning his request for exemption of the premises from local taxation. In the final paragraph of this note we took the opportunity of pointing out that the maintenance of the office was "an unusual arrangement which it would be difficult to justify on a permanent basis" and asked for information on the present status and functions of the office.

It would appear from the replies received from other departments that no Soviet ships have been in Vancouver since June 1st, and according to the R.C.M.P. none are expected. Only six Soviet ships have cleared from Vancouver this year, four in the first quarter and two in the second quarter. According to the R.C.M.P. all but one of these ships cleared to load at Seattle and Portland, taking very small consignments of Canadian goods. (It is a little difficult to reconcile this information, based on the reports from the R.C.M.P. and the National Harbours Board, with the statement of the Department of Trade and Commerce that Canadian exports to the U.S.S.R. in the first six months of this year were about fifteen and a half million dollars; much of this traffic, however, may have passed through U.S. ports). The position seems to be that the original reasons for opening the office in 1944 no longer possess any validity.

According to the R.C.M.P. the current staff consists only of two Russian officials and a Canadian Secretary of Russian origin. The same report expresses the belief that very little business is now transmitted by the office. The two Soviet officials still in Vancouver are: Lukianov, described as "Representative of the Commercial Counsellor" and Gavrillov, described as "Port Engineer". The former and the Canadian Secretary are said to take a considerable interest in the Vancouver Branch of the Canadian Soviet Friendship Council, and Lukianov, who is a Ukrainian, has been concerned with the affairs of the Ukrainian Canadian Association. The information about the personnel and activities of the office contains nothing, however, in any way sinister and it is quite likely that the decision to maintain the office and to purchase premises for it was taken when the Soviet authorities confidently expected to secure a loan from Canada to finance their orders here.

I am inclined to think that we should reach a decision on this particular matter as part of a general decision on the maintenance of miscellaneous diplomatic offices outside Ottawa. The trouble about asking for the closing of all these offices is that the housing conditions here are so difficult. According to the current Diplomatic List, there are now situated in Montreal: the Belgian Counsellor's Office, the French Commercial Attaché's Office and the Office of the Norwegian Minister and Civil Air Attaché. I think that this is not a complete list and it may be that we shall find that more representatives with some title such as "Civil Air Attaché" are stationed in Montreal in order to give them diplomatic immunities while they are actually serving as representatives of their governments on the Council of PICAQ. We can differentiate between the Soviet office in Vancouver and the other ones mentioned on the ground

that the office was not established with our formal consent. We can also cite the action of the Soviet Government itself in closing certain offices maintained by Foreign Governments during the war outside Moscow, including two American Naval offices in Vladivostok and, I think, Leningrad.

31.

DEA/2462-C-40

*L'ambassade de l'Union soviétique au ministère des Affaires extérieures*  
*Embassy of Soviet Union to Department of External Affairs*

No. 51

Ottawa, November 26, 1946

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of External Affairs and has the honour to refer to the Embassy's Note No. 36 of September 30th, 1946† in which it explained the present status of Mr. V. G. Skokov, Chief of the Consular Division of the Embassy.

Up to the present time the Department of External Affairs failed to give any reply to the above mentioned Note of the Embassy.

As the long period of time [*sic*] has passed since the Embassy has informed the Department about Mr. Skokov's assumption of the duties of the Consular Officer the Embassy would be grateful to learn the reasons of the delay for Mr. Skokov's recognition.

32.

DEA/2462-C-40

*Mémorandum du chef, la direction diplomatique, au sous-secrétaire d'État*  
*aux Affaires extérieures*

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

Ottawa, December 5, 1946

RE APPOINTMENT OF V. G. SKOKOV AS CONSUL OF THE U.S.S.R.

As requested, I attach an Aide-Mémoire to be handed by you to Mr. Belokhvoshtikov, when he calls on you.

Do you wish me to telephone the U.S.S.R. Embassy to request Mr. Belokhvoshtikov to call on you and, if so, at what date and hour do you want to receive him?<sup>1</sup>

W. H. M[EASURES]

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

If we should see him next week this will have to be arranged with Mr. Macdonnell, who will be in charge. Otherwise I could see him the following week.

L. B. P[EARSON]

## [PIÈCE JOINTE/ENCLOSURE]

*Aide-mémoire du gouvernement du Canada  
au gouvernement de l'Union soviétique*

*Aide-Mémoire from Government of Canada  
to Government of Soviet Union*

Ottawa, December 7, 1946 [sic]

APPOINTMENT OF MR. V. G. SKOKOV  
AS CONSUL OF THE U.S.S.R. IN OTTAWA

This question has been the subject of correspondence, during recent months, between the Embassy of the U.S.S.R. and the Department of External Affairs, ending with note No. 51, dated November 26th, from the Embassy of the U.S.S.R., enquiring about the reasons for the delay in recognizing of Mr. Skokov.

This delay resulted from the fact that the Canadian authorities wished to review the procedure for the appointment and recognition of foreign Consuls in Canada.

The Canadian Government observes that, according to general international practice, Consular officers appointed by a country abroad usually receive a Commission of Appointment signed by their head of state, or a Certificate of Appointment issued by their Minister of Foreign Affairs; the Commission is then presented to the Government of the country in which the Consular Officer will exercise his duties, and the receiving Government then issues to the Consul an exequatur.

It is customary, in cases where the arriving Consular Officer does not carry his Commission of Appointment, and this document has not been presented in advance to the Government of the country where he will act, for the latter country to be asked through diplomatic channels to grant to the arriving appointee provisional recognition pending the receipt of his Commission of Appointment.

The records of the Department of External Affairs indicate that in March 1942, when the Government of the U.S.S.R. intended to appoint a Consul General at Ottawa, they approached the Canadian Government through the Ambassador of the U.S.S.R. in London, to request specifically the Canadian Government's approval of the appointment, "pending the issuance of a Commission and the granting of an exequatur". This would seem to indicate that the normal international practice of issuing Commissions of Appointment to Consular Officers is also recognized and applied by the Government of the U.S.S.R.

The Government of the U.S.S.R. did not present to the Canadian Government Commissions of Appointment when Messrs. Vavilov, Koutzenko, Pavlov and Skokov were appointed in a consular capacity in Canada.

Although the Canadian Government did not insist on the usual formalities being complied with when Messrs. Vavilov, Koutzenko and Pavlov were appointed, it was only because these appointments were made during the war, at a time when pressure of duties and abnormal conditions could be regarded as justifying a departure from the normal practice.

With the return of peacetime conditions, however, the Canadian Government desires to maintain the customary practice and would therefore be grateful if the Government of the U.S.S.R. would comply with it, insofar as Mr. Skokov's appointment is concerned.

The Canadian Government also desires to have the status of Mr. Koutzenko, at present Consul of the U.S.S.R. in Halifax, regularised by the issuance of a Commission to him.

33.

DEA/2462-C-40

*Mémorandum du chef, la troisième direction politique*

*Memorandum by Head, Third Political Division*

[Ottawa,] December 9, 1946

I saw the Soviet Chargé d'Affaires today with Mr. Measures and outlined our position about the appointment of consuls giving him the attached Aide-Mémoire.<sup>1</sup>

Mr. Belokhovostikov rather half-heartedly attempted to make a distinction between a consul who ran his own office and a consular officer at an Embassy who had no independent powers and was under the direction of the Ambassador. In reply, I said that if they wanted to show him merely as a diplomatic officer, that would be quite satisfactory, but if they wanted to list him as discharging consular functions, he ought to obtain a Commission of Appointment in the usual way.

Pursuing the matter a little further, Mr. Belokhovostikov asked what we did about the consular officer at our Embassy in Moscow. He was told that we had no such consular officer and whenever we appointed a member of the diplomatic mission in a consular capacity we gave him a Commission of Appointment.

At the end of the interview, Mr. Belokhovostikov said that this problem would require some thinking over and he would communicate with the Department in due course. It was made clear that in the meantime we would do nothing further to obtain an exequatur.

R. M. MACDONNELL

<sup>1</sup> Voir le document précédent.

<sup>1</sup> See preceding document.

34.

DEA/2462-B-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au sous-ministre du Commerce*

*Acting Under-Secretary of State for External Affairs  
to Deputy Minister of Trade and Commerce*

SECRET

Ottawa, December 11, 1946

The possibility of appointing Canadian consular officers in the USSR at some time in the future is being considered by this Department. In particular, it has been thought that such officers might be situated in such centres as Kiev and Leningrad.

I should appreciate receiving your comments with respect to the desirability from the point of view of your department of having Canadian consular representation in cities of the USSR outside Moscow. In this regard, it would be very helpful to have some information concerning the amount and nature of the commercial transactions between the Soviet Union and Canada at the present time and in the foreseeable future.

W. H. MEASURES  
for the Acting Under-Secretary  
of State for External Affairs

35.

DEA/2462-B-40

*Le sous-ministre du Commerce au sous-secrétaire d'État par intérim  
aux Affaires extérieures*

*Deputy Minister of Trade and Commerce to Acting Under-Secretary  
of State for External Affairs*

SECRET

Ottawa, December 16, 1946

I am in receipt of your communication of December 11 marked "Secret", from which it is noted that your Department is considering the possibility of appointing Canadian Consular Officers in the U.S.S.R., and that you would like to have the views of this Department as to the desirability of having consular representation in the cities of Kiev and Leningrad.

In September 1944 the question of the appointment of a Commercial Attaché to our Embassy in Moscow was seriously considered in view of the then fast approaching end of hostilities. It was the opinion that the postwar years would present excellent opportunities for the development of the sale of Canadian products in the U.S.S.R. However, these expectations have not been realized and beyond reports from Mr. Wilgress, that there was a very

definite lack of trade enquiries originating in the U.S.S.R. for Canadian goods, we are not in a position to know what enquiries may originate within the Soviet Union for Canadian goods because of the Soviets system of State purchasing. The situation would appear to have been further confirmed by the action of the U.S.S.R. authorities in immediately cancelling their orders for heavy machinery, machine tools and other equipment with the ending of Mutual Aid; materials and goods we had expected would find a continuing market in the U.S.S.R.

From time to time enquiries are received in the Department from Canadian firms and individuals concerning trade with Russia. Those enquiring do not appear to have a clear idea as to the conditions under which the U.S.S.R. trade. Under the present procedure this department has had to refer anyone wishing to sell or buy from the U.S.S.R. to the Commercial Counsellor of their Embassy in Ottawa.

During a period of forty-one [*sic*] years—1889 to 1940—the total of Canadian exports to the U.S.S.R. amounted to only \$60,000,000, and our exports in recent years can only be described as emergency spot purchases on the part of the U.S.S.R. In the period mentioned the largest item of export was a shipment of \$11,147,000 of wheat flour in 1925, although normally our trade in this product is negligible. In 1922 we exported railway coaches and parts to the value of over \$2,000,000, but for other years there are no exports recorded. Some farm implements and machinery were exported in 1930 with a value of a little more than \$2,000,000 and there was a reasonably substantial trade in these products in other years, but they completely disappeared after 1931-32. Our records show that aluminium was exported to a value of just under \$1,000,000 in 1933, but from then on our exports were very low until the war years. A similar situation exists with wheat, binder twine, pig lead, zinc spelter, automobiles and structural steel. It, therefore, may be stated that there has been no well-established pattern of trade from Canada to the U.S.S.R. over a period of forty years, and with one exception no two successive years has any one Canadian commodity been exported to the U.S.S.R. in excess of \$1,000,000 each year.

On the import side from 1889 to 1940 Canada imported only \$10,000,000 worth of goods from the U.S.S.R. and the volume of exports from Canada to the U.S.S.R. has always greatly exceeded imports. The largest volume of imports in any one year was anthracite coal in 1931 when we imported it to the value of \$1,860,000. There were smaller imports since 1929. In 1933-34 Canada imported crude petroleum to the value of \$530,000. Furs showed the longest record of regular imports, but the highest value of any one year was in 1924 when Canada imported a value of \$335,000. Other items of import, although of considerably less value to those already mentioned are fertilizers, soda compounds, nicotine sulphate, metal ores, salt, hides and skins.

Therefore, if trade with the Soviet Union is to be of any value, Canada would have to absorb a quantity of Soviet Union products in some relation

to its exports. On the other hand it would appear to be the policy of the Soviet Union, as borne out by their attitude to purchases in Canada following the end of Mutual Aid, that under their five year plan, they will purchase only those requirements which are essential to the development of that plan. The goods so purchased will tend not to be those which would find a continuing market.

The conclusion to be reached would seem to indicate, that while there will be a certain amount of trade between the two countries it will not be such, that for some little time to come, it would warrant the establishment of trade officers in the U.S.S.R. for reasons other than to report on economic conditions and developments in the territory. In view of the fact that at the present time this situation appears to be so well taken care of by our Embassy officials, it is considered that insofar as this Department is concerned the matter may be allowed to rest.

M. W. MACKENZIE

SECTION K

ESPAGNE / SPAIN

36.

DEA/28-BJ-37

*Le sous-secrétaire d'État aux Affaires extérieures  
au vice-consul d'Espagne*

*Under-Secretary of State for External Affairs  
to Vice-Consul of Spain*

Ottawa, March 21, 1946

Dear Sir,

In your letter of March 1st† to the Secretary of State you asked for advice on whether or not you ought, in view of the present strained relations between Spain and other countries, to resign your office as Vice-Consul of Spain.

It is, I regret, impossible for me to give you a direct answer to your enquiry. While the attitude of the Canadian Government towards the present Spanish Government has been made clear, the Canadian Government has taken no steps which affect the status of Spanish Consular representation in Canada. Your decision on whether or not to resign must, therefore, be made on your own responsibility as a Canadian citizen.

For your information, I enclose a copy of a Resolution‡ concerning the present Government of Spain, which was passed at the recent session of the General Assembly of the United Nations in London. Canada was one of the forty-five nations which voted in favour of this Resolution.

Yours sincerely,

N. A. ROBERTSON

37.

W.L.M.K./Vol. 417

*Le secrétaire d'État aux Affaires extérieures au ministre à Cuba*

*Secretary of State for External Affairs to Minister in Cuba*

TELEGRAM 31

Ottawa, June 20, 1946

SECRET. Your despatch No. 85 of June 8† concerning proposed visit of Count de Morales to Canada to discuss establishment of direct diplomatic relations between Canada and Spain.

2. The Spanish Chargé d'Affaires in London was informed orally by Mr. Massey in October 1945 that the Canadian Government was not prepared to receive a diplomatic mission from the present Spanish Government. This was in reply to an official request for an exchange of missions transmitted to Mr. Massey by the Duke of Alba, then Spanish Ambassador in London.

3. The position of the Canadian Government remains unchanged. I should therefore be grateful if you would discourage Count de Morales from making his proposed visit to Ottawa since it would serve no useful purpose.

38.

DEA/8150-40

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

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

DESPATCH 1292

Ottawa, July 24, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to your telegram No. 1426 of June 21,† concerning diplomatic relations between Canada and Spain.

2. In spite of our efforts to discourage Count de Morales from visiting Ottawa to discuss the establishment of direct diplomatic relations between Canada and Spain, Count de Morales arrived in Ottawa to-day and called on the Chief of the Second Political Division.

3. He made an official approach on behalf of his Government for the exchange of diplomatic missions between Canada and Spain. In reply he was informed that the Spanish representative in London had raised this question with our High Commissioner in London in October of 1945 and that the Spanish Chargé d'Affaires had been informed orally by Mr. Massey that the Canadian Government was not prepared to receive a diplomatic mission from the present Spanish Government. The position of the Canadian Government remained unchanged.

4. Count de Morales then proposed that Canada establish a Consulate General in Spain. In reply he was informed that the reasons which made it impossible for us to establish direct diplomatic relations with Spain would also make it impossible for us to establish a Consulate General in Spain.

5. Count de Morales then said that the post of Consul General in Montreal was now vacant and that his Government would like to re-appoint him to this post, which he had held previously from September 1944 to July 1945. He asked whether this would be agreeable to the Canadian Government. Count de Morales was informed, in reply to this informal enquiry, that it was unlikely that any objection would be taken if a formal request were to be made by his Government for the issue of an exequatur to him in his old post of Consul General in Montreal. He asked how the formal request should be made, and he was informed that the appropriate channel would be through the Spanish Embassy in London to your office in London.

6. You may therefore expect a formal request from the Spanish Embassy in London for the issue of an exequatur to Count de Morales as Spanish Consul General in Montreal. When you receive this request, you may inform the Spanish Embassy that the Canadian Government has no objection to the appointment and that provisional recognition will be granted pending reception of his commission of appointment.

I have etc.

H. H. WRONG  
for the Acting Secretary of State  
for External Affairs

#### SECTION L

ÉTATS-UNIS / UNITED STATES

39.

DEA/9323-B-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*

Washington, January 5, 1946

Dear Mr. Robertson,

I have been wanting to write you again since my return from Los Angeles on the extension of our consular representation in the United States. I have, as you know, referred to this on more than one occasion, but I think that the importance of the subject justifies earnest and continued consideration. Furthermore, two recent communications from you (December 12th and December 20th) dealing with the appointment of a Canadian Vice-Consul at

Portland, Maine, and the extension of our representation in South America, prompt some additional observations on my part.

I had not been in Los Angeles during my recent visit many hours before I was once again made aware of our dependence on British Consuls for the protection of Canadian interests. As you know, Los Angeles is quite a Mecca for Canadians, the number of whom has recently been increased by the advent of Canadian soldiers on leave, or after discharge. Some of these present troublesome cases, and two or three were brought to my attention a fortnight ago when I happened to be there. Of course, I know that there is a Canadian Trade Commissioner in Los Angeles who should look after these matters, but for two reasons that is not a satisfactory solution. In the first place, consular activities are an incidental part of his job, as his direct responsibility is to Trade and Commerce; and secondly, a Canadian when in difficulties, goes to a British Consul, whom he knows about, rather than to a Canadian Trade Commissioner, about whom he has never heard.

For many reasons I think it is a matter of first importance that we plan now consular representation in this country and that we should not, as we appear to be doing, allow it to develop according to circumstances. Surely the difficulties regarding personnel to which the Department repeatedly alludes do not prevent the working out of a carefully considered and practicable plan for Canadian consular representation in the United States, to take effect progressively as these difficulties are removed. If there is such a plan, I have not heard of it. For instance, what should be the priority in opening offices? Also, has consideration been given to the use of Canadians or ex-Canadians in American cities as honorary consuls, a device which is customary and which in our case it would be easy to adopt? It seems to have occurred to the Department when the consular issue was forced at Portland, Maine, by the closing of the British office. However, the problem cannot, I suggest, be solved by dealing with emergency cases in this way. If we are to appoint honorary consuls, as well as Consuls *de carrière*, steps should be taken at once to canvass the U.S. communities concerned for suitable personnel.

When I was in Los Angeles, Mr. Monty<sup>1</sup> told me about a report which he had made to the Commercial Intelligence Service on the future of his office and the extent and importance of Canadian interests in that area. I would be most interested to know whether a copy of that report, which is dated November 9th and which is enclosed herewith, was ever sent to the Department of External Affairs. Certainly no copy was sent to this Embassy until I requested one from Mr. Monty. This seems to me to illustrate how unsatisfactory it is to ask Trade Commissioners to do consular work when they have no direct contact with the Department which should be responsible for consular activities. If you read Mr. Monty's report, you will agree, I am sure, that it is one which might have appropriately been made to External Affairs

<sup>1</sup> Le délégué commercial du Canada à Los Angeles.

<sup>1</sup> Trade Commissioner of Canada in Los Angeles.

as well as to Trade and Commerce. It also makes a strong case—to my mind, an unanswerable case—for concentrating all Canadian official activities in that area in one or two consular offices. Yet the Department of Trade and Commerce is apparently considering either the closing of the Los Angeles office or transferring it to San Francisco. Instead of closing it, we should be thinking of, in fact we should actually be, converting it into a consular office. I would be glad to know if this question has been discussed by the Commercial Intelligence Service with the Department in the light of recent communications from Mr. Monty. Also, I would be grateful for the report of any discussions between the two Departments on the post-war relationship between External Affairs and Trade and Commerce officers stationed abroad.

The reply to any observations I make on this subject of consular representation is always the same. It is, to quote a sentence from your letter of December 12th, "Pressure of wartime activities has greatly expanded the work of the Department and we have been faced with a consequent scarcity of experienced personnel." I fully appreciate this difficulty, but we cannot keep urging it indefinitely as an excuse. I cannot really believe that it has been impossible for us to secure suitable men during the last twelve months for consular posts. I have, in fact, submitted in the last six months a number of names for this purpose, but nothing seems to have been done and in some cases my letters, or the letters of the applicants, written at my suggestion, have not even been acknowledged. It is hard for me to believe that with so many intelligent, educated officers and men coming back from overseas or being released from the Services in Canada, we cannot secure the consular personnel we would need. In this connection, your letter of December 20th rejects any analogy with the Trade Commissioner Service, on the ground that the qualifications for the head of a new diplomatic mission should be considerably higher than those for the head of a commercial office and that junior Trade Commissioners can be trained more quickly than Third Secretaries. I have some doubts about this myself, but in any case, I should think the qualifications of a Consul need not be much greater, nor his training more prolonged or complicated, than is the case with a Trade Commissioner. You also give your impression in this letter that External Affairs have recruited about twice as many men as Trade and Commerce have from the Armed Services. From the most recent list of Department of External Affairs postings, there seem to have been 18 Third Secretary appointments made by External Affairs within the last twelve months. The Minister of Trade and Commerce stated in the House of Commons on December 11th that the Commercial Intelligence Services have recruited from the Services for service abroad, 30 new Assistant Trade Commissioners, who are now at work or will join the Trade Commissioner Service shortly. The comparison seems to be in favour of Trade and Commerce, and I think myself that it should be the reverse.

I realize, also, that the Department's hands are tied by the Civil Service regulations making it obligatory to give preference in appointments to

ex-service men with overseas experience, a ruling which I think is entirely illogical and works out most unfairly; one which prevents us using an ex-officer in Washington for an administrative job who was ineligible for overseas service and did such good work for the Army here that he was decorated, while we are told to take an R.C.A.F. administrative officer who had never had operational or combat duty. However, that is another subject. In any event, this overseas preference regulation applies to Trade and Commerce as well as to us.

I will conclude by pointing out that at this Embassy at the present time there are five External Affairs officers and seven from Trade and Commerce; viz., Mr. Scott, Mr. Allen, Mr. Wallace, Mr. Paterson, Mr. Lewis, and two recently arrived Agricultural Products Trade Commissioners.

Yours sincerely,

L. B. PEARSON

40.

DEA/10137-B-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*

Washington, January 30, 1946

Dear Sir,

I came away from Chicago more convinced than ever that we should convert our Trade Commissioner's Office there into a Consulate General and that the sooner this is done the better. There is, I think, a role of considerable importance to be played by the right kind of Canadian Consul General in that area. I greatly hope that steps can be taken to this end before long and that the existing Canadian Trade Commissioner's Office can be amalgamated with a Consulate General thereby increasing its effectiveness even within its present limits and opening up new areas of usefulness which would result from an appointment of this kind.<sup>1</sup>

Yours sincerely,

L. B. PEARSON

<sup>1</sup> La note suivante était écrite sur cette lettre:

Mr. Robertson:

This is an interesting account of a venture into Chicago by L. B. P[earson]. I should like to endorse the views in the last paragraph [sentence?] about a consular office.

<sup>1</sup> The following note was written on the letter:

R. M. M[ACDONNELL] Feb. 1

41.

DEA/10137-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*

DESPATCH 1640

Ottawa, December 30, 1946

SECRET

Sir,

I have the honour to advise you that consideration has been given to the appointment of Mr. Douglas Cole as Consul General in Los Angeles. We would appreciate receiving your comments concerning such an appointment and also any information you may have which would indicate the amount of consular business to be anticipated should a Consulate be opened there.

I have etc.

W. D. MATTHEWS  
for the Secretary of State  
for External Affairs

SECTION M

VATICAN

42.

DEA/7951-40

*Le provincial des Dominicains au sous-secrétaire d'État  
aux Affaires extérieures*

*Provincial of the Dominicans to Under-Secretary of State  
for External Affairs*

Montreal, January 11, 1946

Dear Mr. Robertson,

Referring to our conversation of Tuesday last, January 8th, about Diplomatic Relations to be established between Canada and the Holy See, I will sum up the points that were discussed.

1. His Holiness Pope Pius XII has recently appointed His Excellency Most Reverend James Charles McGuigan, Archbishop of Toronto, to the Sacred College of Cardinals.

2. It is not only the outstanding personality of Archbishop McGuigan that is so honoured by the Pope, not only the Archdiocese of Toronto, or the English-speaking Catholics or, more widely, the Catholic Church of Canada, but it is Canada herself as a whole.

3. The fact of giving a second Cardinal to Canada is an act of great benevolence from the Holy See towards Canada. Many nations are so honoured,

but, as you are well aware, many more are not represented in the Sacred College. For many years to come, considering the number of Catholics in Canada, roughly speaking 4,500,000, comparatively to other nations, we could not very well expect to have a second Cardinal.

4. Comparatively to the number of Catholics of other nations, big or small, Canada has the biggest share in the Sacred College: two for 4,500,000. There are five Cardinals in the United States for 25,000,000; six in France for about 37,000,000; eight in Italy for about the same number. We do not count as Italians those who are Citizens of Vatican City and are Heads of Departments or Prefects and Secretaries of Congregations for the administration of the Church. Even foreigners may be officials of Congregations as were, in recent years, Cardinals Gasket, Englishman, Van Rossum, Dutch, Lepicier, Billot and Tisserant, Frenchmen, Fruwirth, Austrian. One Secretary of State, Cardinal Merry del Val, under Pius X and Benedict XV, was Spaniard by his father and English by his mother.

5. The appointment of a second Cardinal for Canada is a recognition of the importance that Canada has won for herself amongst other nations in recent years. The American Magazine *Time*, in its edition of Jan. 7th, pp. 28-30, commenting on the appointment of the new Cardinals, says: "Canada's new place as a leading "middle power" was duly recognized by the selection of her first English-speaking Cardinal, Toronto's Archbishop James Charles McGuigan, to balance French-speaking Quebec's Rodrigue Cardinal Villeneuve."

The nomination of Card. McGuigan is also a recognition of the strength of the Catholic Church in Canada: 43%.

These two aspects are noted in *Time* when it says: "... Everywhere Cardinals were carefully placed for maximum spiritual and political effect."

That means that the Holy See has an eye wide open over Canada: importance of Canada as a nation, and importance of the Catholic Church in Canada.

6. This step taken by the Holy See in favour of Canada should not be ignored. The Holy See has its own language, not only by words, spoken or written, but sometimes more eloquent by deeds and facts. The recent action of the Holy See, giving a second Cardinal to Canada, is full of meaning. As I said in a Memorandum† on this matter of Diplomatic Relations between Canada and the Holy See, the Holy See will not take the initiative of negotiations with the Government of Canada, but because of the appointment of a second Cardinal for Canada, I am right in saying that the initiative of the Government for such negotiations with the Holy See is well invited.

7. Canada will never have a better opportunity in more favourable circumstances of making an excellent move to rank well with more than fifty nations for her own good and greatness. Cardinal McGuigan is highly esteemed amongst non-Catholics as well as amongst Catholics all over Canada. He was born in Prince Edward Island and all the Islanders are proud of him. As a

priest he was engaged in ecclesiastical work in the Diocese of Edmonton, Alberta. He was appointed Archbishop of Regina, Sask. and from there was called to the See of Toronto.

The opposition that the Government might have expected from some non-Catholics to the establishment of Diplomatic Relations between Canada and the Holy See will be greatly reduced by the appointment of Cardinal McGuigan. I am sure that this nomination of Cardinal McGuigan and the establishment of Diplomatic Relations with the Holy See will do a great deal for the better understanding not only between Catholics of different language, but also between Catholics and non-Catholics, a better unity in Canada that is worth working for.

8. I also pointed out in our conversation that at the time of the Consistory there will be Diplomats from other Countries in Rome to receive the newly appointed Cardinals and to speak to the Holy See for their respective Countries, and the full *Corps Diplomatique* will be in St-Peter's Basilica to witness the elevation of thirty-two new Cardinals for nineteen different Countries. The place of Canada will be empty! when the Minister of China will be there, from a pagan nation. That will be unsavoury for us.

You have mentioned that there is no time before the Consistory to establish Relations with the Holy See and to send a Diplomat to Rome. But may I make a suggestion? There is still plenty of time to commission Ambassador Vanier of Paris to go to Rome and act officially for Canada in this most important circumstance. I am sure that such an initiative would be highly appreciated by the Holy See, by our two Cardinals in Rome and by all Canada.

This step would pave the way for successful negotiations between Canada and the Holy See for exchange of Diplomats in a near future.

Believe me etc.

FR. PIE-M. GAUDRAULT

43.

DEA/7951-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

[Ottawa,] January 24, 1946

PROPOSED SPECIAL DIPLOMATIC REPRESENTATION TO THE VATICAN

At the meeting of the Cabinet on January 24th, the Prime Minister mentioned a suggestion which had been made for the appointment of a special Canadian representative to attend the forthcoming public consistory at Rome for the elevation of the newly appointed Cardinals.

It was agreed that no action be taken at present for diplomatic representation to the Holy See.

## SECTION N

## VENEZUELA

44.

W.L.M.K./Vol. 333

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] April 29, 1946

In the course of conversation this morning, the Venezuelan Consul General, Mr. Pocaterra, spoke again about his Government's desire to establish direct diplomatic relations with Canada. I had promised him a letter which he could transmit to his Government, explaining the difficulties in the way of our taking early action, and I went over with him in conversation the points which such a letter would cover.

He said that his Government would welcome an arrangement under which we could designate one man as Minister to both Colombia and Venezuela, and possibly also to Ecuador. The three countries were very closely associated in a number of fields. Specifically, they had recently agreed on a joint programme for developing a single merchant marine for the three countries, and they are negotiating commercial treaties looking to the ultimate achievement of a customs union between them. A number of other countries had established a single diplomatic representative to all three, and had found the arrangement worked quite satisfactorily. Their capitals were now only an hour apart by air and if Chargés d'Affaires could be maintained in the capitals at which the Minister was not present, he thought questions of national susceptibility would be satisfied.

N. A. R[OBERTSON]

45.

W.L.M.K./Vol. 333

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] July 8, 1946

## DIPLOMATIC RELATIONS WITH VENEZUELA

Pressure for exchange of diplomatic missions with Venezuela, or at least for our consent to receive a Venezuelan representative in Ottawa, has reached a point at which it seems essential to make some reply to Venezuela. The difficulty has of course been in detaching the case of Venezuela from that of

several other countries which wish to exchange representatives with Canada. I attach a memorandum of June 15 from Wrong,<sup>1</sup> which was not forwarded to you at the time it was drawn up; it outlines the various proposals for exchange of missions and makes certain suggestions as to dealing with them provisionally.

Since Wrong's memorandum was prepared a telegram of July 3 to you, of which I enclose a translation,† has come in from the Acting Foreign Minister of Venezuela; reminders have also been received from Dominions Office (tel. 108 of June 20)† and the High Commissioner's Office in London (tel. 1515 of July 8).†

The British Ambassador at Caracas, Sir George Ogilvie-Forbes, who has always shown a particularly friendly spirit towards Canada, reports that there is danger of Canadian economic interests in Venezuela being harmed if we are unable to meet the desire of the Venezuelan Government at least in part.

I attach for your consideration a reply to the Acting Foreign Minister's telegram to you, along the lines suggested by Wrong.<sup>2</sup> If you approve this, we can inform the Dominions Office and the Venezuelan Consul-General, who originally raised the question with us. You will note Wrong's view that Colombia and Uruguay must receive the same treatment as Venezuela.

N. A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

*Projet de télégramme du secrétaire d'État aux Affaires extérieures  
à l'ambassadeur de Grande-Bretagne au Venezuela*

*Draft Telegram from Secretary of State for External Affairs  
to Ambassador of Great Britain in Venezuela*

TELEGRAM

Ottawa, July 8, 1946

Your telegram No. 718 of June 18,† proposal for exchange of diplomatic missions between Canada and Venezuela. Prime Minister on July 3 received from Carlos Morales, Acting Foreign Minister of Venezuela, a telegram† renewing proposal to accredit a diplomatic mission to Canada and assuring him of a welcome for a Canadian mission in Venezuela. I should appreciate it if you would convey to the Acting Foreign Minister the following reply from the Prime Minister. Begins:

I appreciate your kindness in telegraphing me on July 3 renewing the proposal originally made through the Venezuelan Consul-General in Mon-

<sup>1</sup> Voir le document 13.

<sup>1</sup> See Document 13.

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

<sup>2</sup> The following note was written on the memorandum:

Message sent with revisions made by P.M., July 14.

treating for the establishment in Canada of a diplomatic mission from Venezuela, and assuring me of a welcome for a Canadian diplomatic mission from Venezuela.

I regret very much that it has not been possible to send an earlier reply to the proposal with which we have been honoured by the Government of Venezuela. The possibility of exchanging representatives with Venezuela has been very much in mind, but it has not been possible to reach a decision without also considering the whole question of expansion of Canadian representation abroad. There are at present seven countries represented by ministers in Ottawa in which it has not yet been possible to appoint Canadian representatives; twelve or more other countries have expressed an interest in an early exchange of missions with Canada, and a number of these proposals must be considered together. At the same time the Canadian Government has experienced great difficulty in finding suitable personnel for the manning of new missions. It may be mentioned that between 1940 and the beginning of 1946, it became necessary to establish 16 new Canadian missions abroad, besides reopening three in liberated territory. Participation in the United Nations, in other international organizations, and in numerous conferences on special subjects has been a further heavy drain on experienced personnel. Moreover, a number of Canadians who agreed temporarily to fill senior posts in the diplomatic service abroad or at home as a war duty have already returned or will soon return to their previous occupations.

In view of these circumstances, it would not be immediately possible for Canada to open a diplomatic mission in Venezuela; and until it has been possible to make some progress in making reciprocal appointments to a number at least of the countries presently maintaining missions in Ottawa, it would be much more convenient from the point of view of the Canadian Government if the opening of a Venezuelan mission to Canada might be delayed for a short time. The Canadian Government would then be in a better position to receive a mission from Venezuela, the appointment of which it would cordially welcome, and which the Canadian Government would wish to avail itself of an early opportunity to reciprocate.

I take the opportunity to assure Your Excellency of my highest consideration. W. L. Mackenzie King, Prime Minister of Canada. Ends.

## CHAPITRE II/CHAPTER II

### RÈGLEMENT DE LA PAIX EN EUROPE

### PEACE SETTLEMENT IN EUROPE

#### PARTIE 1 / PART 1

#### CONFÉRENCE DE PAIX DE PARIS

#### PARIS PEACE CONFERENCE

46.

DEA/7-DF

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

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

TOP SECRET

Ottawa, February 6, 1946

Dear General Vanier,

You will be interested in the most recent development in our enquiries and suggestions about the procedure for the various stages of the Peace Conference. As you know, the decisions reached by the Council of Foreign Ministers and by the meeting of Foreign Ministers in Moscow in December have never made quite clear the exact relations between the various stages of peace making.

When the French Government was invited to endorse the procedure proposed for the negotiation of the treaties, that Government questioned the provisions relating to the participation by the countries invited to the Peace Conference in the actual drafting of the documents. The French pointed out that the Conference would apparently only consider and make recommendations concerning the drafts of the treaties, and that decisions on those recommendations would be, in fact, taken by the countries responsible for the conclusion of the final drafts. They requested assurances that the work of the larger Conference would be fully taken into account, and that the tentative procedure should be interpreted in a generous manner.

Before making a reply to the French Government the United Kingdom Government put before the United States a preliminary statement of its views on procedure. Discussions at the Paris Conference should be as thorough as possible, and its results should be given serious consideration in relation to the final texts. Their definite proposal was that the final texts might be agreed upon by all the countries represented at the Paris Conference before that Conference dissolved. The answer to the French enquiry, however, as agreed upon between the United States and the United Kingdom, while giving an

assurance of full consideration to the recommendations of the Paris Conference, did not go as far as the tentative United Kingdom proposal.

We, therefore, felt it desirable to seek a clarification of this point from the Dominions Office and in a telegram† expressed our view that substantial advantages would derive from a procedure which allowed for discussion between all parties concerned of the various points arising at the Conference; and that this would be a more effective procedure than later consideration by the Council of Foreign Ministers of whatever individual recommendations might arise from the Conference. Finally we enquired whether, in the view of the Dominions Office, the agreed reply to Paris, as mentioned above, left room for consideration of this point.

We have now been informed by the United Kingdom Government that they agree with our views that there would be great advantages in a procedure by which the final texts of the treaties were drawn up before the May Conference should dissolve. On the particular point of our enquiry they hold the view that the reply to the French Government does leave room for further consideration of such an arrangement. They add that informal discussion suggests that the United States authorities are sympathetic towards this suggestion.

It would be helpful if you would take some convenient opportunity of an informal conversation of this question with the French authorities. I feel that much would be gained by avoiding a break between the large Conference in Paris and the completion of the texts by the Great Powers. Purely formal recommendations on paper by the former would necessarily be less effective than discussion.

Yours sincerely,

N. A. ROBERTSON

47.

DEA/7-DF

*Mémorandum du chef, la première direction politique*

*Memorandum by Head, First Political Division*

SECRET

[Ottawa,] March 19, 1946

MEMORANDUM ON PEACE TREATIES WITH ITALY  
AND THE BALKAN SATELLITE STATES

The Canadian delegation to the Paris Peace Conference will in due course have to receive instructions from the Government. The following are some general considerations regarding Canada's relationship to some of the principal problems involved. The detailed commentary on the draft peace treaties, which has been prepared in the Department, is now pretty well advanced towards completion, although it will require review before it can be put into final form. The economic and financial aspects of the treaties have not yet been dealt with owing to pressure of work in the Economic

Division. It is thought that when Mr. LePan returns to Ottawa he might be able to do some work on this aspect of the treaties. He is already well acquainted with the background of the subject.

It is obviously not possible to forecast with any certainty the circumstances in which the Peace Conference will meet in Paris. There are several alternative possibilities. The members of the Council of Foreign Ministers who are preparing the various drafts may reach pretty thorough agreement before the Conference meets. In that case it is possible that they will bring forward draft treaties on which they have reached agreement after arduous negotiations and which they will not wish to see changed in any essential points. Alternatively they may not be able to reach any agreement at all on the most important matters involved, in which case either the Conference may not meet at all, or it may become, like the Security Council in London, a forum for debate and dissension over fundamental issues involving the Great Powers. Perhaps the most probable development, if the Conference is to meet at all, is that hurried last moment agreement may be secured between the U.S.S.R., the United Kingdom, and the United States on the general solution of the major questions at issue. Such an agreement might well, however, leave over a number of questions still unsettled for discussion at the Conference.

The procedure to be followed at the Conference has not yet been laid down in any detail. No doubt there will be plenary sessions of the whole Conference, and the draft treaties will then be submitted to committees for detailed discussions. We have no information as to the order in which the treaties will be considered (although it seems likely that the Italian treaty will be begun first). After the treaties have been considered as drafts by the Conference, they will be submitted to the members of the Council of Foreign Ministers involved in the respective treaties for final consideration. It is not yet known whether this consideration will take place during the course of the Conference, or whether it will represent a separate stage and will take place after the Conference is over. Nor is it yet known at what stage it is intended that the ex-enemy powers shall be given a hearing. As the United Kingdom authorities have pointed out, this can hardly be done until substantial agreement has been arrived at among the victorious powers.

From the Canadian point of view the Italian treaty is by far the most important. We are definitely interested in the economic rehabilitation of Italy and her restoration to a place among the trading nations. We contributed to the fighting in Italy. We have contributed to military relief for the Italian people. We shall have a point of view to express and good grounds for expressing it. One general view will, no doubt, be that Italy must not be crippled by excessive reparations which will prevent the restoration of her economy and produce unstable political conditions.

While we have no detailed views on Italy's frontiers, we shall presumably support the general line agreed by the United Kingdom and the United States Governments with regard to Trieste and the Tyrol.

The problem of the future of Italy's colonies is one in which we are not directly involved but in which we cannot fail to take an active interest, first, because it is an outstanding issue of world politics, and secondly, because it may have very important effects on relations among Commonwealth countries, and on relations between the British Commonwealth and the United States, and, of course, on the whole problem of the relations of the western powers with the Soviet Union. It has been suggested that the Chiefs of Staff might be asked to prepare an appreciation for the use of the Canadian delegation to the Peace Conference of the effect on the security of Canada of the various alternative proposals for the disposal of the Italian Empire. In this connection it will be recalled that at the meeting of Commonwealth representatives to consider the future of the Italian colonies, which took place in London on the 15th February, 1946, Mr. Bevin said that he thought an appreciation should be prepared at once on the interests of the British Commonwealth and also of the United States in the Mediterranean area. He said that he would put this in hand at once in the Foreign Office, which would be assisted by the Dominions Office and the Colonial Office. This appreciation would include the strategic issues which were arising in connection with the Egyptian treaty. We have had no further word of progress made in preparing this appreciation, which would be of interest to the Chiefs of Staff in connection with their own military appreciation of the position as it affects Canada. Mr. Massey might perhaps be asked to make an enquiry of the Dominions Office as to the stage which has now been reached by the United Kingdom authorities in preparing their appreciation.

The South African Government have, of course, a particularly direct interest in the future of the Italian colonial empire. The attitude of South Africa is that Russia has not, in the words of General Smuts, "a vestige of a claim" to a foothold in Africa. The South African Government are nervous lest at a meeting of the Great Powers prior to the Paris Peace Conference, agreement should be reached over the disposal of the Italian colonies without South Africa having any voice in the decision. It would appear that as a matter of principle South Africa should be accorded a full opportunity to share in the decision as to the fate of the Italian colonies. If her claims for participation were ignored, this would represent a big power decision taken without consulting a power of middle size whose interests would be directly affected.

In any case the South African delegation to the Peace Conference, which will be headed by General Smuts, will, no doubt, appeal to Canada for support in questions affecting the future of the Italian colonial empire. The members of the South African delegation to the General Assembly have already spoken to members of our delegation about their anxieties and have expressed the hope that they will have Canadian support.

The Government of the United States have suggested the plan of collective trusteeship for the Italian colonies. This plan is opposed by the United Kingdom Government, although Mr. Bevin gave his reluctant sup-

port to it at the Council of Foreign Ministers in London. At a meeting of the Commonwealth representatives on February 15th in London the representatives of the United Kingdom, Australia, New Zealand, and South Africa were all in agreement that an attempt should be made to persuade the United States Government to recede from the plan of a four power trusteeship. There is, therefore, a difference of view between the United States and most of the Commonwealth countries as to the best method of disposing of the Italian Empire. The Canadian position in this matter will, therefore, have to be closely considered.

So long as the Conference is dealing with Italian problems, the Canadian delegation may be in a position to make some solid and useful contributions to the discussions, and it should be possible to draft instructions for the delegation with regard to the peace treaty with Italy which would take into account genuine, if long term, Canadian interests. Our position with regard to the treaties with Roumania, Hungary and Bulgaria is different. We have little or no real Canadian interest, economic, strategic, or political, in these areas. We have only formally been at war with the countries concerned. We are totally lacking in experience in dealing with Balkan questions and in expert advisers who are acquainted, at first hand, with the complex issues involved.

Our position will not be rendered easier by the fact that it is impossible to feel much admiration or enthusiasm for the policies which the British, Americans and Russians have been pursuing in the Balkans since the termination of hostilities. So far as the Anglo-Saxon powers are concerned, they have placed great public emphasis on the necessity for maintaining democratic institutions and civil liberties in these countries. Yet it is common knowledge that democracy and civil liberties, as we understand them, have never existed in Roumania and Bulgaria. The case of Hungary is somewhat different. Hungary is one of the oldest parliamentary democracies. What has been lacking there (as in many western democracies) has been economic and social democracy. But in Bulgaria and Roumania rule by a small clique of politicians and army officers, rigged elections, police interference with individual liberty, brutality towards political opponents have been traditional. They have operated behind the facade of parliamentary democracy. It would indeed be optimistic to imagine that within a few months of a war in which all these countries have been involved, and in conditions of economic dislocation and semi-revolutionary disorder, it would be possible to install western democratic institutions which these peoples have never been able to develop in the most prosperous and stable periods in their history.

If ignorance is partly responsible for the blunders of Anglo-American policy in the Balkans, inconsistency and vacillation have also been prominent features. In this respect the Americans are more to blame than the British. Washington has blown hot and cold over Balkan questions. The events of August, 1945, in Bucharest are a good example of this dangerous and foolish policy. The American representative in Bucharest encouraged the harassed

King Michael and certain Roumanian politicians of the old Liberal and Peasant Parties to hope for more American support than would ever be forthcoming. Hence King Michael's attempt to rid himself of the Groza Government. But when it came to a showdown, neither the British nor the Americans could take any effective action to support the King's initiative. It is both cruel and unwise to encourage Roumanian and Bulgarian politicians to oppose the regimes in power in their respective countries unless they can be given substantial and consistent support.

The British have been more responsible in dealing with Balkan questions than the Americans, but the policies which they have pursued have hardly raised their prestige in Balkan countries. The fundamental need of these countries is political stability, a heightened standard of living, and a cessation of the interminable wars which have desolated the Balkan Peninsula ever since Turkish rule was withdrawn. It is quite probable that the best chance of achieving these objects is some sort of a Balkan federation. However, given existing conditions, such a federation could only come into existence under Russian auspices. A Balkan federation under Russian auspices would represent such an important increase of Soviet strength in an area so close to vital British interests that it can only be regarded with the greatest apprehension by any British Government. This is quite understandable, but it leaves the British open to the accusation that their interest in Balkan affairs is purely selfish and will not contribute to stability in this region. That is a very difficult accusation to rebut.

Soviet policy in the Balkans has been both ruthless and self-seeking. The Soviet Government have not been content to see friendly governments installed in Bucharest, Sofia and Belgrade. They have exercised pressure to keep the key posts in these governments for those who are serving the interests of Moscow before those of their native lands. The large Soviet armies in the Balkans are a standing threat to all parties who are not subservient to Soviet policy.

The Russians, however, have at least the advantage of knowing the Balkans. While their policies are determined by Soviet interests rather than by the interests of the countries concerned, there are occasions when these may coincide. One should not close one's mind to the possibility that the regime which has been set up in Bulgaria is more suited to the present condition of that country than a return to party government. The Russians are genuinely friendly to the Bulgarians, to whom they are attached by tradition, race and religion. Bulgaria has normally been under the influence either of Germany or of Russia. Her governments have never acted in accordance with western democratic practices. It may be that a strong authoritarian government, which includes many of those patriotic elements which contributed to ridding these countries of the Nazis, is more suited to Bulgaria and perhaps to Yugoslavia at the present time than parliamentary democracy on the western pattern. Certainly the efforts of the Soviet Union to improve relations between Bulgaria and Yugoslavia are to the mutual advantage of both countries.

On the other hand, Soviet policy in Roumania has shown complete disregard for the wishes and interests of the Roumanian population. Ruthless economic exploitation of Roumania has gone hand in hand with political oppression. A violent and unscrupulous puppet government has been installed in Bucharest. There are no traditional bonds of race or friendship to attach the Roumanians to the Soviet Union. On the Russian side there is oppression and contempt for the oppressed; on the Roumanian side there is a mixture of fear and cunning acquired in dealing with the conqueror under centuries of Turkish rule. In Hungary the situation is different again. The recent elections which returned the Small-Holders Party to power and the rebuff to the Hungarian Communist Party which those elections registered will, no doubt, cause dissatisfaction in Moscow. The Soviet Government are making vigorous and so far successful attempts to gain control of Hungary's national economy. It may be that before the Peace Conference meets pressure will be exerted in Budapest in order to change the composition of the Hungarian Government in a direction more favourable to the Soviet Union.

At the Paris Peace Conference it is unlikely that the future of the Balkan satellite states will be decided with primary reference to the interests of these countries themselves. Balkan questions are only one aspect of the clash of interests between the Soviet Union and the western powers which is going on all over the world. The Canadian delegation may find themselves in the position of giving support to any line of policy on which the United States and United Kingdom Governments are able to agree for the future of the Balkans. Without any direct interests of our own involved, we shall not wish to take any action which would embarrass the British and Americans in their handling of these difficult questions. The inter-connection between Balkan affairs and the whole position of the British in the Middle and Near East and the fact that the maintenance of that position is an essential bulwark against unlimited Soviet expansion may make it necessary for the Canadian delegation to give general support to British and American policies.

On the other hand, the Canadian delegation will not wish to gain the reputation of lining up mechanically with the United Kingdom and the United States on every Balkan issue involved without the exercise of independent judgment of our own, all the more so as British and American policies in the Balkans have not been particularly constructive. The Canadian delegation in Paris may, therefore, wish to hold a watching brief when Balkan questions are under discussion and to avoid taking a forward position in opposing Soviet policy in this area.

It is apparent that the Canadian delegation will have to steer a careful course at the Paris Conference. Our main interest will be in the Italian treaty, but we shall, no doubt, find ourselves concerned in all the major questions before the Conference, and unless prior agreement has been reached between the Soviet Union, the United States and the United Kingdom, we may well find ourselves part of an Anglo-Saxon team in a tussle of power politics extending over the Balkan Peninsula and the Mediterranean

areas. The Balkan aspect is the one which interests us least directly, and when it is under discussion the Canadian delegation should play a discreet, minor, and, it is to be hoped, self-respecting role.<sup>1</sup>

[C. S. A.] R[ITCHIE]

48.

DEA/7-L

*Mémorandum de la première direction politique*<sup>2</sup>

*Memorandum by First Political Division*<sup>2</sup>

[Ottawa,] March 25, 1946

MINUTE ON TELEGRAMS NO. D. 272 OF MARCH 23RD AND D. 145  
AND D. 146 OF MARCH 16TH FROM DOMINIONS OFFICE—  
REVISION OF ITALIAN ARMISTICE

The attached telegrams D. 272 of March 23rd, † D. 145 and D. 146 of March 16th, † from the Dominions Office report the latest United Kingdom views on the United States proposals regarding the revision of the Italian armistice. The question arises as to whether it is desirable for us to make any comment to the United Kingdom Government at this stage.

Previous developments are summarized in a memorandum † on the top of the attached file.

The following apparently is the present position:

A) UNITED KINGDOM ATTITUDE

1. It is best to concentrate on the conclusion of the peace treaty at the earliest possible date;
2. To advance proposals for revising the armistice at the present time would encourage Soviet Government to delay consideration of the peace treaty.
3. According to the United States proposals the armistice terms would be revised by agreement with the Italian Government without consultation or concurrence of the other United Nations. The four Powers would act "in the interests of the other United Nations". This might vitiate the atmosphere of the Peace Conference.

<sup>1</sup> La note suivante était écrite sur ce mémorandum:

Mr. Ritchie,

My monomania is an American Book—speedy reconversion—maintenance of full employment in the US—Bretton Woods—Export-Import Bank operations plus parallel policies here—with effective action to reduce tariffs etc. in creditor countries—will do more for political stability in Italy—and the marginal states than the wisest political arrangements produced in Paris. Those countries desperately need goods of all kinds—if we can supply them in cheap abundance and help Eastern Europe to get in shape to pay for what it wants we can out pull the USSR in the real tug of war.—In these days of scarcity—the ideological polls perhaps balance out—but this Babbitt believes—we can swing them over primarily by economic measures.

R[OBERTSON]

<sup>2</sup> De G. Ignatieff.

<sup>2</sup> By G. Ignatieff.

## B) UNITED STATES ATTITUDE

1. The attitude of the United States Government as expressed by the United States Chargé d'Affaires to the Soviet Government is that the conclusion of a peace treaty with Italy cannot be expected before June.

2. That in view of the delay it is desirable that the Allies should support democratic elements in Italy in their efforts to establish a democratic state.

3. The abolition of obsolete restrictions which have already been relaxed in practice would not affect United Nations claims against Italy.

4. The United States proposals for a revision of Armistice terms are not to be regarded as a provisional peace.

## C) U.S.S.R. ATTITUDE

1. The Soviet Government have taken the line that they are not opposed in principle to revision of armistice regime and favour measures which in one degree or another might relieve Italian position. However, they regard question as having lost pertinence in view of the forthcoming peace conference. They are however ready to consider United States proposals.

## COMMENT

While it is obviously in the Canadian interest that every effort should be bent on the conclusion of the peace treaty with Italy as early as possible to encourage the rehabilitation of that country, it does not seem desirable or necessary for us to comment on the United States proposals for a revision of the Italian armistice terms. I have in mind the following considerations:

(a) that Canada was not a signatory of the armistice terms;

(b) the difference of view on the issue is mainly between the United Kingdom and United States Governments;

(c) in view of the slow progress made by the Deputies in drafting the peace treaty, it seems almost certain that the conclusion of the peace settlement with Italy will now be postponed. There seems good ground, therefore, for the attitude adopted by the United States Government. On the other hand, it is likely that if or when a revision of the Italian armistice terms is published, it will have an unsettling effect on Italy. It will confirm the impression that the Allies are being dilatory in making a peace settlement with Italy.<sup>1</sup>

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

I suspect that U.S. urgency is not as disinterested as it appears. This is an election year. The main point on which we might comment is that made in para 3 of D272. I don't want the U.K., however, to tell U.S. that Canada objects to revision without prior consultation, and therefore to be used as an argument for dropping the proposals. Let us, therefore, keep quiet.

H. W[RONG] 26/3/46

I agree. R[OBERTSON] 4/4/46

49.

DEA/7-DF

*Mémorandum de la première direction politique<sup>1</sup> au Premier ministre**Memorandum from First Political Division<sup>1</sup> to Prime Minister*

SECRET

[Ottawa,] April 13, 1946

## THE PARIS CONFERENCE

There is still uncertainty over the date on which the Conference is to assemble.

The work of the Deputies on the preparation of the draft treaties has been proceeding very slowly and it now seems almost certain that agreed drafts will not be available by April 15th, the date formerly contemplated for the submission of the texts by the Deputies, for forwarding to the Governments which are to participate in the Paris Conference.

In recent weeks, Mr. Byrnes has been pressing Mr. Bevin to agree that a meeting of Foreign Ministers should be held as soon as possible with a view to accelerating the work of the Deputies. It was the United Kingdom view that it would be better not to proceed with plans for a meeting of the Council of Foreign Ministers, until the difficulties existing in relations with the Soviet Union over Iran, had been diminished in the meeting of the Security Council.

As soon as difficulties had been eased in the Security Council, by the resolution adopted on April 4th, Mr. Bevin agreed to Mr. Byrnes taking the initiative in proposing a meeting in Paris on April 25th of the Foreign Ministers of the United States, United Kingdom, U.S.S.R. and France. All the four Governments have now agreed to this meeting.

It may be assumed that one of the main purposes of this meeting is to complete the preparation of the draft treaties. It is difficult, however, to foretell the effect the meeting of the Foreign Ministers will have on the timetable for the Conference. Both the United Kingdom and United States Governments have said publicly that they think the Paris Conference should open on May 1st, the date prescribed in the Communiqué issued after the meeting of Foreign Ministers in Moscow last December.

The Russians, on the other hand, hold the view that agreement must first be reached on the draft treaties. It is possible, however, they might agree on a date, on the understanding that the Conference will be given the uncompleted drafts of the deputies, and alternative drafts may be presented to the Conference on the principal controversial points. So far the French Government has favoured May 1st as the date for the Conference. However, the French elections are due to take place on June 2nd, and if the date is to be postponed much after May 1st, the French Government may urge a further postponement until after their elections.

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<sup>1</sup> De G. Ignatieff.

<sup>1</sup> By G. Ignatieff.

As regards the timetable, therefore, it may be assumed that the Paris Conference will not take place on May 1st unless agreement is reached between the four Powers prior to their meeting on April 25th. This seems unlikely. On the other hand it is possible that the Conference may be convened sometime in May, notwithstanding the French elections.

Our Embassy in Paris has informed us that the officials in Paris responsible for the procedural arrangements have worked out a plan for presentation to the deputies in London. It is proposed that the Full Conference will be asked to designate four main Committees on—Political, Economic and Financial, Military and Territorial questions. These Committees will be further broken down into appropriate Sub-Committees. It is expected that since the Conference will be seeking to negotiate a set of peace treaties in precise and ratifiable form, most of the work will be done in these Committees, and there will be few plenary sessions, probably only at the beginning and at the end of the Conference.

According to the terms of the Moscow Agreement, the following countries will be represented:—Union of Soviet Socialist Republics, United Kingdom, United States of America, China, France, Australia, Belgium, Byelo-Russian Soviet Socialist Republic, Brazil, Canada, Czechoslovakia, Ethiopia, Greece, India, The Netherlands, New Zealand, Norway, Poland, Union of South Africa, Yugoslavia and Ukrainian Soviet Socialist Republic.

It is expected that most delegations will be headed by their Foreign Ministers.

The French believe that the ex-enemy states may be invited to send delegations to Paris, headed by their Foreign Ministers, and they may be called upon to present their views in the course of the Conference.

It is possible that if agreement is not reached on all controversial points in the Council of Foreign Ministers before the Conference, the Ministers may continue their meeting during the Conference and after agreement is reached on controversial points, these points will then be referred to the Full Conference. In any case after the Full Conference has made its recommendations, the Council of Foreign Ministers will have to meet again, under the terms of the Moscow communiqué, to agree on the final treaties in the light of the recommendations of the Full Conference. It is hoped that the signature of the five treaties will take place in Paris at the conclusion of the Conference.

As the main work of the Conference will consist of drafting the treaty texts, it will be necessary for us to have a sufficient staff to enable us to participate effectively in the Committee work. I am told that the Foreign Office contemplate sending ten of their own officials, and in addition three or four economic and financial advisers, and one officer from each of the three services. Perhaps our own delegation on the advisory level might consist of seven or eight.

In anticipation of this Conference, work has been in hand in the Department in the preparation of a commentary intended to provide the Canadian delegation with the background of the problems with which it will be called

upon to deal at the Conference. This commentary is limited to a statement of facts, which include historical background, material derived from Dominions office telegrams and also reports from our Missions abroad. Wherever recognized Canadian interests seem to be involved, these have been stated. It is hoped to have this commentary complete in the next week or two.

The role of the Canadian delegation, as also that of the delegations of the other 21 countries at the Conference, apart from the four sponsoring Powers, will be limited, under the terms of the Moscow communiqué, to examining and recommending alterations in the drafts prepared by the deputies of the Foreign Ministers. You will recall that the drafts produced by the Full Conference will still be subject to revision in the final drafting stage by the Council of Foreign Ministers.

Because the principal frontier settlements will be based on a series of detailed decisions, the commentary provides the necessary information for the delegation. I am assuming, however, that the delegation's interests in the frontier settlements will be more general than particular, and directed towards the main objective of securing settlements of a durable character. Our direct interests are more clearly involved in such questions as the economic and financial provisions of the Italian peace treaty and the disposal of the Italian Colonial Empire. Here again the commentary is intended to provide the necessary facts. Our attitude to these controversial issues, however, still remains to be set down for the guidance of the Canadian delegation. We are preparing some draft suggestions for your later consideration on some of the main points at issue.

50.

B.C./Vol. 93

*Mémorandum du Sous-comité mixte de planification  
du Comité des chefs d'état-major*

*Memorandum by Joint Planning Sub-Committee of Chiefs of Staff Committee*

[Ottawa,] April 18, 1946

APPRECIATION RE DISPOSAL OF ITALIAN COLONIES

APPENDICES

- A. Excerpt from the *Charter of the United Nations*, referring to the trusteeship system. †
- B. Map of Northern Africa, including Mediterranean Area. †

AIM

1. The object of this paper is to examine the possible effect on the security of Canada of the various proposals to be discussed at the Peace Conference in Paris for dealing with the former Italian Colonies, and to stress the military significance of their disposition.

## PROPOSALS

2. The colonies concerned are Libya (Tripolitania and Cyrenaica), Eritrea, Italian Somaliland, the Dodecanese Islands, the Pelagian Islands, and Pantelleria—see Appendix B. The various possible courses of action comprise:

(a) the return of the colonies to Italy; their incorporation in the domain of adjacent small states, e.g., Eritrea to Ethiopia, Dodecanese to Greece; or their recognition as independent states.

(b) their disposition under the terms of international trusteeship either:

(i) directly under the United Nations Organization, or

(ii) under one or more individual states which would act as administering authorities.

Terms of trusteeship are given in Appendix A. The colonies may be dealt with uniformly under one of the above proposals, or individually under two or more of them.

## ASSUMPTIONS

3.

(a) The United Nations Organization has yet to prove its ability to maintain peace, and no nation can at present rely solely on the efforts of that body to preserve its national security.

(b) The control of strategic areas, therefore, becomes a matter of prime importance in relation to the likely alignment of the great powers in a future war.

(c) With the defeat of the Axis the only possibility of world war in the near future lies in a conflict between Russia on the one hand, and Great Britain and/or the United States on the other, together with their respective allies.

## STRATEGIC CONSIDERATIONS

4. In the past the Mediterranean and Red Seas have been a vital line of communications between Great Britain and its possessions in Asia; and a direct route between the former and its oil supplies in the Middle East. World War II, however, proved that this highway could not be rendered safe by sea-power alone; and strategic emphasis has tended to shift from the Mediterranean itself to the North African coastal region. Moreover, this area lies between Russia and the West and would therefore be of great importance to both sides in any future conflict. Any foothold Russia might obtain in North Africa would strengthen its position and could serve as a base from which it might threaten the whole area including the West African Atlantic seaboard. In this connection it is pointed out that by the terms of international trusteeship (Appendix A—Article 84) an administering authority has legal right to develop the military potential of a trust territory.

5. If an unfriendly power should secure control of North and West Africa the effect on the security of Canada would be twofold because:

(a) the American continent can be directly menaced from West Africa;

(b) any weakening of the strategic position of Great Britain or the United States has an indirect bearing on Canada's defence.

6. For convenience it is desirable to examine the strategic implications of these statements in two parts.

#### PART I

##### DIRECT IMPLICATIONS FOR CANADA

7. In the hands of an unfriendly power the West Coast of Africa can be used to:

(a) menace shipping on the South Atlantic, and in Canadian and United States coastal waters.

(b) bring United States and Canadian harbours, and industrial centres on the Atlantic seaboard, within foreseeable sustained air attacks, and possible guided missile attacks.

(c) increase the opportunity of ship-borne aircraft (launched from carriers and submarines) to develop spasmodic hit and run attacks on the American continent.

(d) materially increase the threat to the Panama Canal.

(e) increase the possibility of gaining and maintaining a foothold on the South American continent as a base for further operations.

8. Conversely, if the West Coast of Africa were accessible to or under the control of friendly powers the strategic advantages would be as follows:

(a) Reduction of the threat to Atlantic shipping, and protection of the sea routes to Africa and the East via the Cape of Good Hope; an important line of communication should the Mediterranean become untenable.

(b) Denial of the Straits of Gibraltar to enemy shipping from the Mediterranean.

(c) Increased ability to develop an economic shipping blockade.

(d) Maintenance of air bases and protection of air routes to the Middle East.

(e) Provision of bases for the mounting and development of operations against enemy-held territory in the Middle East or in Europe.

(f) Africa is more than ever essential as a counter-balance should Spain, Portugal, the West Coast of France, and Southern Europe be in unfriendly hands.

#### PART II

##### UNITED KINGDOM AND UNITED STATES INTERESTS IN MEDITERRANEAN AFRICA AND MIDDLE EAST

9. Until the United Nations organization proves itself, Canada cannot ignore the indirect protection afforded by Great Britain and the United States and therefore, anything that affects the vital interests of these two powers has a bearing on Canadian security.

10. Major U.K. and U.S. interests in the Mediterranean, Africa and Middle East are as follows:

(a) Oil resources (a requirement common to U.S. and U.K.). It has been estimated by the U.K. Ministry of Fuel and Power that in a further combined U.S./U.K. war effort, (1955-60) their annual oil supply without Middle East production would fall short of a total requirement of 365 million tons by 53 million tons.

(b) Protection of sea route through the Mediterranean, the loss of which, apart from strategic considerations, places an additional strain on shipping resources.

(c) Protection of air bases and communications to the Middle East, India and Far East for:

- (i) Reinforcement of all types of aircraft by air.
- (ii) Movement by air of troops and supplies.

(d) The Middle East is considered as possibly the most suitable area to base the U.K. Imperial Strategic Reserves.

11. To counteract the possible threat of extension by Russia in this area, it is of importance:

(a) to increase the depth of the defensive system as far as possible about the areas of greatest strategic interest;

(b) to exercise sufficient control over North Africa so that it can be held against a Russian land attack. This is important in order to effect:

- (i) provision of bases and sufficient room to mount offensive action, and to support forces, in Persian area;
- (ii) denial of the Suez Canal to Russia;
- (iii) protection of air bases in Africa from which efforts can be made to deny Middle East oil resources to Russia;
- (iv) protection of air routes across Africa;
- (v) defence in depth of areas of greatest strategic importance and for ultimate protection of West Africa;
- (vi) denial of the Mediterranean itself to Russia and conversely to permit its use by those opposing her.

#### ITALIAN COLONIES

12. Specific military implications of the colonies, apart from the general strategic considerations discussed above, are as follows:

##### *Dodecanese*

To protect the Mediterranean communications and to enable assistance to Greece and Turkey, bases are desirable in these islands, particularly in Rhodes.

*Tripolitania*

If Tripolitania is demilitarized and returned to Italy it is desirable to obtain the right to use and develop the airfield at Tripoli as a staging point on the route to the East.

*Cyrenaica*

Naval and air bases in the Benghazi area are of considerable importance in respect to security of Mediterranean communications.

*Eritrea and Italian Somaliland*

These possessions have little military value on the positive side but would offer a serious threat if allowed to develop as bases of an unfriendly power.

*Pantellaria and Pelagians*

Offer no positive advantage but could be definite nuisance in unfriendly hands.

## CONCLUSION

13. For the purposes of this appreciation the disposition of Italian Colonies has been considered solely in terms of the strategic requirements of the great powers concerned; and no consideration has been given to the most equitable solution from the point of view of the colonies themselves.

14. While it is realized that in the interests of the United Nations Organization concessions may have to be made to Russia, it is considered that each such concession will weaken the strategic position of the United States and Great Britain by forcing them to take neutralizing measures. Moreover, the spread of Soviet influence and discord can of itself render more difficult the task of maintaining peace in this area.

15. It is of great strategic importance to Canada as well as to the United Kingdom and United States that the USSR be prevented from establishing bases astride the vital Mediterranean-Red Sea line of communications or on the African mainland, therefore:

(a) Of the various proposals for the disposition of the Italian Colonies, exclusive Trusteeship by the USSR (particularly in the case of Tripolitania) is least compatible with United Kingdom, United States and Canadian strategic interests.

(b) A UNO Trusteeship of these Colonies which includes Russia as an active participant may tend to the expansion of Russian influence in the Middle East to the detriment of world security; this solution should be looked upon with reserve, at least until the UNO has proved its effectiveness. A UNO Trusteeship would, however, be preferable to an exclusive Russian Trusteeship.

(c) Alternatives which are considered preferable to (a) and (b) would be:

(i) the return of the Colonies to Italy

(ii) recognition of the Colonies as independent states

(iii) incorporation of the Colonies with, or under the administering authority of adjacent small powers not likely to come under the domination of the USSR.

(d) The most desirable of the various proposals would be the designation of the United Kingdom and United States, either jointly or separately, as administering authorities. It is felt that every encouragement should be given to the United States to assume responsibility in this area since the United Kingdom could not hold it against Russia without United States assistance.

51.

DEA/21-G

*Procès-verbal d'une réunion*  
*Minutes of a Meeting*

SECRET

[Ottawa,] April 19, 1946

Record of a meeting held in Room 275, East Block, on Wednesday, April 17th, to discuss the economic aspects of the proposed peace treaty with Italy.

Present were:

Mr. Ritchie  
Mr. Glazebrook  
Mr. Reid  
Mr. Pierce  
Mr. Ignatieff  
Mr. Soward  
Mr. Audette  
Mr. LePan  
Miss MacCallum  
Mr. Warren.

Mr. Ritchie opened the meeting and explained that the members present would be called together from time to time in order to consider what position the Canadian delegation to the forthcoming Paris Conference might adopt regarding some of the main issues which it is envisaged may be under discussion at that time. Any recommendations as to policy reached by the group would then be submitted to the Under-Secretary for his comment.

As Mr. LePan was shortly leaving for England, it was agreed that the meeting should discuss the economic aspects of the peace treaty with Italy, on which Mr. LePan had prepared a paper<sup>1</sup> for inclusion in the Commentary for the guidance of the Canadian delegation.

It was pointed out that there were four main points on which it was necessary to ascertain Canadian policy before the time of the Paris Conference.

<sup>1</sup> Voir le document suivant.

<sup>1</sup> See following document.

(1) What is to be the Canadian position regarding the incorporation of commercial and financial clauses in the Italian peace treaty, including the question of Italian shipping and Italian civil aviation?

(2) What is to be the Canadian position regarding the payment of reparations by Italy?

(3) What is to be the Canadian position regarding Italian indebtedness for Canadian military relief?

(4) What is to be the Canadian position with regard to the Allied Military Lire Account?

#### COMMERCIAL AND FINANCIAL CLAUSES

Mr. LePan explained that there were four proposals which might be considered. Firstly, the suggestion advanced by the Department of Trade and Commerce that a clause might be included in the treaty which would oblige Italy, on invitation, to join such organizations as the proposed International Trade Organization, International Monetary Fund, International Bank, etc.

This plan was rejected by the meeting on the grounds that it would mean compelling Italy to join organizations of which certain of the powers, i.e., Russia, and in the case of the Bretton Woods institutions, Australia and New Zealand, were not members.

The British proposal which would oblige Italy to extend unilaterally to all the United Nations for a period of five years most-favoured-nation treatment as far as duties were concerned, was then considered. It was the feeling of the meeting that this suggestion was open to the criticism that import and exchange controls are more effective ways of discrimination than tariffs and that these weapons would still be available to Italy under this proposed system. The inclusion of a most-favoured-nation clause could also be criticized in that, in so far as Italy would be obliged to extend this treatment unilaterally, it would be contrary to the spirit of wide international cooperation in matters of trade and finance. Mr. Pierce expressed the view that the United Kingdom proposal was not as restrictive as it appeared since the agreement would only be valid for five years after which time Italian freedom of action would be restored.

It was observed that the Soviet Union might take the position that no commercial or financial clauses should be included in the treaty, and the meeting agreed that action of this nature by the U.S.S.R. should be resisted, as it would leave the way open for conclusion by the U.S.S.R. of bilateral agreements with Italy which would tend to bring that country within the Soviet sphere of influence.

The United States proposal for the inclusion in the peace treaty with Italy of a general clause requiring Italian participation in international action for the expansion of trade, reduction of trade barriers, elimination of restrictive business practices, and the solution of international problems in the field of raw materials, was felt by the meeting to most clearly coincide with Canadian interest in this question. It was agreed that a wide formula should be sought

which would permit Italian participation in international organizations, if and when it is agreed by the interested United Nations that Italy should become a member, and in the meantime, guarantee Italian cooperation to the fullest possible extent in all international action in these fields. It was agreed that the exact wording of the American proposals should be studied in order to ascertain whether it would meet possible Russian objections to compelling the Italian Government to participate in organizations of which the U.S.S.R. is not a member.

#### SHIPPING AND CIVIL AVIATION

On the question of the inclusion in the peace treaty of clauses regarding shipping and civil aviation, it was pointed out that present British proposals envisage that the Italian Government would not be permitted to subsidize the production of shipping or aircraft industries and that, therefore, the importance of Italian shipping and civil aviation in the international field would be negligible if these proposals were incorporated in the treaty. The meeting was, however, of the opinion that in the case of civil aviation the Italians should be obliged under a similar wide formula to that adopted for the financial clauses to participate and cooperate in agreed international action. It was agreed that we should explore whatever means could be devised to make pre-war Italian restrictive practices impossible in the future; it was recognized, however, that in view of the fact that there is no international authority for shipping, it was impractical to suggest the inclusion in the treaty of a clause similar to that proposed for Italian civil aviation.

#### REPARATIONS

Mr. LePan briefly reviewed the proposals of the U.S.S.R., United Kingdom and United States with regard to reparations from Italy. The U.S.S.R., he stated, held the view that Italy should be compelled to pay reparations in kind to the value of at least \$300,000,000, to be divided between the U.S.S.R., Yugoslavia, Albania and Greece.

It is understood that the United States position is that the Italian economy is not sufficiently strong to allow of the payment of reparations, and that any such payment of reparations would indirectly be a charge on Allied relief to Italy. For this reason it is believed that the United States authorities will take the position that no reparations should be exacted from Italy.

It is the opinion of the United Kingdom and France that the principle of Italy's obligation to pay reparations should be recognized, but that it is doubtful whether Italy can in fact pay reparations without such payments becoming a charge on Allied relief to Italy.

The view was expressed that the approach to the problem of the above mentioned powers was in some respects unrealistic in that it was not known at the present time whether or not Italy has in fact a capacity to pay reparations. It was felt that in spite of Italy's co-belligerency reparations in kind

should, if it is found possible, be paid to countries such as Yugoslavia, Albania, Greece and Abyssinia, which have suffered directly from Italian invasion. Such payment, it was assumed, would only be possible if the great powers were willing to waive their claims to reparations in this category. In this connection it was pointed out that if Canadian claim to reparations from Italy was waived that we would lose our right to dispose of Italian assets held by the Canadian Custodian.

The meeting was agreed that the repayment of military relief supplied to the Italians should have priority over payment on reparations account, and it was agreed that the first charge on the Italian economy, as it was on the German economy, in accordance with the principles laid down in the Potsdam Declaration, should be the payment for essential imports.

From these discussions the meeting concluded that a formula should be sought along the lines of the Potsdam Agreement which would be linked with the Italian capacity to pay in a way which would not prevent the peaceful economic recovery of Italy. The conclusion of the meeting was that Canada should maintain its right in principle to exact reparations from Italy until it can be shown by an economic survey that Italy is not in a position to pay such reparations without their becoming a charge on Allied relief. If it is found after such a survey that Italy has an excess of plant and equipment, particularly in war potential and heavy metal industries, consideration might then be given to once-for-all deliveries to the countries which had suffered directly from Italian aggression. It was recognized that this would be dependent on the waiving of the claims of the great powers for reparations from Italy in this category. On the question of Italian current production the meeting was of the opinion that the first charge against the proceeds of such industries should be payment for essential imports. For the purpose of this formula military relief from the date of invasion should be considered an essential import. The meeting was inclined to agree that the repayment to Canada of military relief might be deferred until such time as the Italian balance of payments would permit of the liquidation of this debt without undue strain on the Italian economy. When payment for essential imports, including military relief, has been made, any surplus out of current production might then be applied to the payment of general reparations to those countries which would not waive their claims. The meeting agreed that Canada should maintain its right to dispose of Italian assets held by the Canadian Custodian.

#### MILITARY LIRE ACCOUNT

Mr. LePan explained that as a matter of grace the Canadian Government might make an amount of foreign exchange equal to the value of the Canadian Military Lire Account available to the Italian Government. This, it was felt, would be in line with the United States policy and would have the advantage of permitting on a small scale the re-establishment of trade with Italy before the granting of a loan, which presumably could not be negotiated until after the conclusion of the peace treaty. It was also pointed out that there

would seem to be no objection to the scheme in equity since the bulk of Allied Military lire paid out to Canadian troops was issued after Italy had become a co-belligerent.

52.

DEA/7-DF

*Mémorandum du deuxième secrétaire,<sup>1</sup> le haut commissariat  
en Grande-Bretagne*

*Memorandum by Second Secretary,<sup>1</sup> High Commission in Great Britain*

SECRET

[Ottawa,] May 3, 1946

MEMORANDUM ON THE ECONOMIC ASPECTS  
OF THE PEACE TREATY WITH ITALY

A study of the economic aspects of the proposed peace settlement with Italy has indicated that there are three main questions in which Canada has an appreciable interest. They are:

(i) What is to be the Canadian position regarding the incorporation of commercial and financial clauses in the Italian peace treaty, including the question of Italian shipping and Italian civil aviation?

(ii) What is to be the Canadian position regarding the payment of reparations by Italy?

(iii) What is to be the Canadian position regarding Italian indebtedness for Canadian military relief.

These issues, which it is envisaged, will be discussed at the forthcoming Paris Conference, have been considered in the light of the various proposals for their solution which have been advanced by the Governments of the United Kingdom, the United States of America, and the U.S.S.R., and the following is the position which, it is suggested, might be taken by the Canadian delegation in the deliberations at the Paris Conference.

(1) COMMERCIAL AND FINANCIAL CLAUSES

In the interests of multilateral international trade, the Canadian delegation should support the inclusion in the peace treaty with Italy of a clause which would secure Italian participation in international action for the expansion of trade, the reduction of trade barriers, the elimination of restrictive business practices, and the solution of international problems in the field of raw materials. This is in line with the general policy advocated by the United States Government in this field.

On the question of civil aviation, the Canadian delegation support the inclusion in the peace treaty of a wide formula similar to that proposed for

<sup>1</sup> D. V. LePan.

the financial and commercial clauses, which would obligate Italy to cooperate and participate in agreed international action.

In view of the fact that at the present time there is no international authority for shipping, it seems unlikely that any clauses will be included in the peace treaty along the lines proposed above for civil aviation. However, the Canadian delegation should support any proposal which would make pre-war Italian restrictive shipping practices impossible in the future.

## (2) REPARATIONS AND MILITARY RELIEF

The question of reparations from Italy and payment by Italy for military relief supplied by Canada, in co-operation with the United Kingdom and United States, are so inter-related that they are considered in this memorandum together. The proposals of the Great Powers with regard to reparations from Italy differ substantially. The U.S.S.R. has taken the position that reparations up to the value of \$300,000,000 should be exacted from Italy to be shared by the U.S.S.R. with Yugoslavia, Albania and Greece. The United States, on the other hand, believe that it is not possible for Italy to pay reparations, unless such payments are to become a charge, in fact, on Allied relief. The Canadian delegation might be well advised to reserve its right in principle to reparations from Italy, until a survey of the Italian economy is made which would indicate whether or not Italy is in fact in a position to pay reparations, without such payments either becoming a charge on Allied relief, or permanently retarding the economic recovery of Italy.

If it is found after such a survey that Italy has a surplus of plant and equipment, particularly in war potential and heavy metal industries, consideration might then be given to some once-for-all deliveries to countries such as Yugoslavia, Albania, Greece, Abyssinia, which have suffered directly from Italian aggression. It is recognized that the payment of reparations in this category to these countries would be dependent on the waiving of the claims of the Great Powers to reparation in that form.

As regards current production, the Canadian delegation might support the Potsdam formula that the first charge should be made for the payment of essential imports. For the purpose of this formula, the Canadian position should be that military relief from the date of the Italian invasion should be considered an essential import. Consideration might, however, be given to deferring the repayment of Canadian military relief until such time as the Italian balance of payments indicates that this debt could be liquidated without undue strain on the Italian economy.

When payment for essential imports including military relief, has been met, any surplus of current production might then be applied to the payment of general reparations to those countries which have not agreed to waive their claims.

Canada should maintain its right to dispose of Italian assets held by the Canadian Custodian.

Apart from the question of claiming general reparations from Italy, the Canadian delegation should take the position that any pre-war Canadian property or legal rights and interests in Italy should be restored, in their condition at the outbreak of war. If such restoration is found impossible, full compensation should be made by the Italian Government in United States dollars or other acceptable currency.

53.

DEA/7-DF

*Mémorandum de la première direction politique au sous-secrétaire d'État  
aux Affaires extérieures et au sous-secrétaire d'État associé  
aux Affaires extérieures*

*Memorandum from First Political Division to Under-Secretary of State  
for External Affairs and to Associate Under-Secretary of State  
for External Affairs*

[Ottawa,] May 4, 1946

## PREPARATION FOR THE PARIS CONFERENCE

The possibility of a general conference of twenty-one countries taking place in the near future to deal with peace treaties with Italy and the minor European enemy states, as originally planned, seems to be receding in the face of the evident failure of the Foreign Ministers to compose their differences on the main outstanding issues. However, we have continued with our own preparations.

The commentary is almost completed and a copy will be given to you next week. A group consisting of Messrs. Ritchie, Glazebrook, Reid, Pierce, Soward, Audette, Warren, Miss MacCallum and myself have been meeting to consider what attitude the Canadian delegation might adopt on some of the issues which are of more direct concern to Canada. Attached is a memorandum which summarizes the conclusions reached in a discussion of LePan's paper on the economic and financial clauses in the peace treaty with Italy, which he prepared for the commentary.

At a meeting of the group last Wednesday the various proposals with regard to the disposal of the Italian Colonies were discussed. Miss MacCallum has prepared a paper† for the commentary which was the basis of discussion. The group thought that there was a strong note of unreality in its discussion in the light of the proceedings in the Council of Foreign Ministers in Paris. There was some doubt as to whether we could develop any useful views here when the proposals keep changing, and in any case our interest was of such a general nature. It was agreed, however, that the main conclusions of the discussion should be summarized in a brief paper, to which would be attached a military appreciation on the question prepared by the Chiefs of Staff.

It would be helpful if you would indicate what further studies you think it would be useful to make in relation to the peace treaties. At present we have the main facts summarized in the commentary, but few ideas on the subject.<sup>1</sup>

G. I[GNATIEFF]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de la première direction politique*<sup>2</sup>

*Memorandum by First Political Division*<sup>2</sup>

SECRET

[Ottawa,] May 11, 1946 [sic]

CANADIAN POLICY IN RELATION TO THE ECONOMIC ASPECTS  
OF THE PEACE TREATY WITH ITALY

Assuming it is agreed that it is in Canada's interest to contribute to a set of arrangements in the Italian settlement which would give maximum opportunity to Italy to be an independent, self-sustaining country, co-operating in free association with the countries of the west, there are certain things that Canada, acting with the United States and the countries of the Commonwealth, can do to further this aim. These include the following:

(a) the weight of the present and future international indebtedness of Italy arising from reparation and war debts should be reduced to a minimum. This would involve

(i) the foregoing of reparations on inter-governmental account. This would not, however, exempt Italy from settling individual debts, commercial and private, or restitution of Allied property in Italy or payment of compensation in default, possibly out of Italian external assets.

(ii) waiving or suggesting a moratorium on the payment of the Italian debt for relief supplies. Canada's share amounts to \$28,000,000.

(b) Consideration might be given to the granting of export credits to Italy to meet the immediate Italian requirements for certain raw materials, including food. This however, raises the question of whether it is possible for Canada to consider at this time, for political considerations, giving outright export credits to Italy. In order to have any moral effect in Italy, some publicity presumably would be required in granting the credits. On the other hand the Department of Trade and Commerce suggested using for this pur-

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

I doubt whether there is much profit in our seeking to work out *solutions*. What is most likely to happen is that we shall be asked whether we can accept proposals (or choose between alternative proposals) prepared by the four Foreign Ministers. We need, in order to do this promptly, the data in the commentary and an affirmation of direct Canadian interests. The main value of the preparatory work may be for use *before* the Paris Conference (if it occurs) rather than at it.

H. W[RONG] 4/6/46

<sup>2</sup>De G. Ignatieff.

<sup>2</sup>By G. Ignatieff.

pose the Allied Military Lire account. Canadian expenditure of Allied Military lire amounted to \$11,469,216. If the Italian Government is to be reimbursed with foreign exchange equivalent to this amount used by the Canadian troops in Italy, it has been suggested that perhaps \$3,000,000 might be used to finance immediate Canadian exports to Italy. We could not assume, however, if this method were adopted that there would be much response on the part of the Italian Government to this gesture. Moreover, if either measure were adopted it would be necessary to ensure that such credits or loans should not be used directly or indirectly for the purpose of reparation payments to other countries.

(c) It would be necessary to support proposals for a settlement of the frontiers of Metropolitan Italy (the Colonial question is dealt with in a separate memorandum), which would leave the maximum essential natural resources to Italy consistent with the satisfaction of justifiable claims on ethnographic grounds of neighbouring United Nations. In this connection, the bauxite and coal deposits located in the disputed area of Istria are particularly relevant.

(d) The inclusion of terms in the peace treaty should be advocated to facilitate or at least enable Italy to enter into multilateral arrangements with the countries of the west, with regard to international trade, monetary policy, civil aviation, shipping, and in general to co-operate with the social and economic agencies of the United Nations.

If the above general propositions are acceptable, as being in accord with Canadian interests, and therefore to be advocated in the peace conference, it is proposed that an inter-Departmental meeting should be called to discuss these questions. It is proposed that among those present at the meeting should be the Deputy Ministers of Trade and Commerce, Finance, and the Governor of the Bank of Canada.

54.

W.L.M.K./Vol. 369

*Mémoire du chef, la première direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] July 9, 1946

Count Cossato, the Italian representative, called on me on July 6th to present the attached letter† addressed to the Prime Minister, together with the enclosure† which consists of a note sent by the Italian Foreign Minister to the Foreign Ministers of the United States, the United Kingdom, the U.S.S.R., and France, regarding the Italo-Yugoslav frontier and Trieste.

Count Cossato asked whether it would be possible for the Prime Minister to grant him an interview before his departure to attend the Paris Conference. He said that he fully appreciated that the Prime Minister would not wish to

enter into the details of the territorial settlement between Italy and Yugoslavia. He said he knew, however, Mr. King's interest in arriving at a just and permanent peace settlement, and he hoped, therefore, that the Prime Minister might feel able to say something on behalf of Italy, perhaps in private conversation with the British and American delegations. In particular, the Italian Government desired that their case over Trieste should be heard at the Peace Conference, together, of course, with the Yugoslav case, and that an Italian representative should be admitted to the Conference for this purpose. He hoped that Mr. King on the grounds of justice would support this proposal.

Count Cossato said that the peace terms, as they seem to be emerging from the Council of Foreign Ministers at Paris, would come as a blow to Italy. The Italian referendum on the monarchy had been conducted in a most orderly manner; the new Italian republic was just finding its feet; and the people of Italy were beginning to build for the future. He feared that a harsh peace treaty which ignored the part which Italy had played as a co-belligerent would come as a great shock to his people and might have an unsettling effect in Italy. The Communists would make propaganda to the effect that the United States and the United Kingdom had abandoned Italy. Not only was Trieste being taken from Italy, but large areas of Western Istria populated by Italians were being turned over to Yugoslavia. Italy was being asked to sign away her colonies. Italy was being asked to pay reparations to the Soviet Union. The Italian Communists would argue that these decisions proved that the Soviet Union would have been a better and more powerful friend upon which to rely than the western powers.

I said that the good sense of the Italian people could surely be relied upon not to fall a victim to propaganda of this kind.

Count Cossato said that he would like to be able to report to Rome as to whether the Prime Minister would be good enough to grant him an audience. I assured him that he would receive a reply on this point.

55.

DEA/21-G

*Mémorandum de la troisième direction politique*

*Memorandum by Third Political Division*

[Ottawa,] July 10, 1946

In Mr. Ritchie's absence Mr. Pero Cabric, Chargé d'Affaires ad interim of the Yugoslav Legation here, paid me a visit this afternoon and stayed for over an hour.

The purpose of his visit was to enquire "informally" as to the probable line which the Canadian delegation to the Paris Peace Conference would take on some of the more contentious Italo-Yugoslav frontier problems. In particular, as might be expected, he was anxious to find out our views on Trieste. He

put forward the argument that Canada and Yugoslavia should present what he kept referring to as a "united democratic front". Canada should, he felt, support her wartime ally in her claims against Italy.

I naturally did not offer any comment on his observations nor did I indicate what line our views on Trieste were, or were likely to be. I made it plain that I was not competent to comment and that I could only tell him in broad terms that it was in Canada's general interest to seek a settlement in the Mediterranean Basin which would assure a long period of peace. Generally, I adopted the tactic of letting him talk himself out, only interrupting the flow of words to spur him on or to direct him into new paths of thought, though preferably away from the points upon which he was seeking clarification. His peroration took him back to the invasion of his country by the Goths, Visigoths and the Vandals, and went through the various centuries up to the present time.

He seemed to think that the Yugoslav Foreign Minister, Mr. Simic, would be certain to attend the Peace Conference, although he had obviously not been informed in this respect.

In passing I learned that Mr. Cabric was born in Zara Dalmatia, that his father was a University professor. He himself attended university in Graz and Vienna. He has a sister still living in Yugoslavia.

J. S[TARNES]

56.

DEA/7-DF

*L'ambassadeur de France au Premier ministre*

*Ambassador of France to Prime Minister*

Ottawa, le 10 juillet 1946

Monsieur le Premier ministre,

Mon Gouvernement m'a chargé de vous transmettre la communication suivante:

Le Conseil des Ministres des Affaires Étrangères a reçu la mission urgente et importante de préparer les traités de paix avec l'Italie, la Roumanie, la Bulgarie, la Hongrie et la Finlande aux fins de soumission aux Nations Unies. La procédure selon laquelle seront établis les traités de paix a été déterminée comme il suit dans le texte final de la Conférence des Ministres des Affaires Étrangères des États-Unis d'Amérique, du Royaume-Uni et de l'URSS, réunie à Moscou du 16 au 26 décembre 1945, texte aux dispositions duquel les Gouvernements français et chinois ont adhéré:

«1. Seuls prendront part à l'élaboration par le Conseil des Ministres des Affaires Étrangères des traités de paix avec l'Italie, la Roumanie, la Bulgarie, la Hongrie et la Finlande les membres du Conseil qui, aux termes de l'accord conclu à Berlin et instituant le Conseil des Ministres des Affaires Étrangères,

sont signataires des conditions de reddition ou considérés comme tels, à moins que le Conseil ne décide conformément à l'accord de Berlin, d'inviter d'autres membres du Conseil à participer à cette élaboration pour des questions les intéressant directement. Il en résulte :

(a) que les clauses du traité de paix avec l'Italie seront préparées par les Ministres des Affaires Étrangères du Royaume-Uni, des États-Unis d'Amérique, de l'URSS et de la France;

(b) que les clauses des traités de paix avec la Roumanie, la Bulgarie et la Hongrie seront préparées par les Ministres de l'URSS, des États-Unis d'Amérique et du Royaume-Uni;

(c) que les clauses du traité de paix avec la Finlande seront préparées par les Ministres de l'URSS et du Royaume-Uni;

«Les suppléants des Ministres des Affaires Étrangères reprendront immédiatement leurs travaux à Londres sur la base des accords intervenus au sujet des questions qui ont été examinées au cours de la première session plénière du Conseil des Ministres des Affaires Étrangères à Londres.

«2. Quand la préparation de tous les projets de traités sera achevée, le Conseil des Ministres des Affaires Étrangères convoquera une conférence chargée d'examiner les traités de paix avec l'Italie, la Roumanie, la Bulgarie, la Hongrie et la Finlande. La Conférence sera composée des cinq membres du Conseil des Ministres des Affaires Étrangères ainsi que de tous les membres des Nations Unies qui ont effectivement fait la guerre avec des forces militaires importantes contre les États ennemis d'Europe, c'est-à-dire de l'URSS, du Royaume-Uni, des États-Unis d'Amérique, de la Chine, de la France, de l'Australie, de la Belgique, de la Russie blanche, du Brésil, du Canada, de l'Éthiopie, de la Grèce, de l'Inde, de la Nouvelle-Zélande, de la Norvège, des Pays-Bas, de la Pologne, de la Tchécoslovaquie, de l'Union de l'Afrique du Sud, de l'Ukraine et de la Yougoslavie. La Conférence se réunira au plus tard le 1<sup>er</sup> Mai 1946.

«3. Lorsque la Conférence aura terminé ses travaux et en tenant compte de ses recommandations, les États signataires des conditions d'armistice avec l'Italie, la Roumanie, la Bulgarie, la Hongrie et la Finlande (la France devant être considérée comme l'un d'eux en ce qui concerne le traité de paix avec l'Italie) rédigeront les textes définitifs des traités de paix.

«4. Les textes définitifs des différents traités ainsi rédigés seront signés par les représentants des États représentés à la Conférence qui sont en guerre avec les États ennemis en question. Les textes des différents traités seront alors soumis aux autres Nations Unies qui sont en guerre avec les États ennemis en question.

«5. Les traités de paix entreront en vigueur immédiatement après leur ratification par les États alliés signataires de chaque armistice, la France étant considérée comme telle dans le cas du traité de paix avec l'Italie. Ces traités devront être ratifiés par les États ennemis en cause.»

Le Gouvernement français, agissant au nom du Conseil des Ministres des Affaires Étrangères, a, conformément à la décision du Conseil en date du 4 juillet 1946, l'honneur d'inviter le Gouvernement canadien, désigné au paragraphe 2 du texte précité, comme devant participer à l'examen des traités de paix avec l'Italie, la Roumanie, la Bulgarie, la Hongrie et la Finlande, à envoyer une délégation pour le représenter à la Conférence qui s'ouvrira le 29 juillet 1946 à Paris, au Palais du Luxembourg. Les projets de traités de paix avec l'Italie, la Roumanie, la Bulgarie, la Hongrie et la Finlande préparés par le Conseil des Ministres des Affaires Étrangères seront communiqués le plus tôt possible au Gouvernement canadien en vue de faciliter le travail de la Conférence. Des propositions concernant l'organisation et les règlements de la procédure recommandées à sa considération sont remises à l'Ambassade du Canada à Paris.

Veuillez agréer etc.

J. DE HAUTECLOCQUE

57.

B.C./Vol. 93

*Mémorandum du ministère des Affaires extérieures*

*Memorandum by Department of External Affairs*

SECRET

[Ottawa,] July 15, 1946

MEMORANDUM ON THE PEACE TREATY WITH ITALY  
CANADIAN INTEREST IN THE DISPOSAL OF THE ITALIAN COLONIES  
INTRODUCTION

It seems unlikely that the Canadian delegation to the Paris Conference would disagree with any solution of the problem of the Italian colonies which may prove acceptable to the Great Powers. While Canada has a general interest in the peaceful settlement of this question our direct concern is less vital than that of countries more closely affected by the Mediterranean situation.

FINAL DECISION ON ITALIAN COLONIES DEFERRED

2. The Four Powers have not agreed yet on the disposition of the Italian colonies, but have indicated that the final decision which is to be reached before July, 1947, or referred at that time to the General Assembly of the United Nations, is to be based on one of four alternatives or on a combination of these: (a) independence, (b) assimilation by a neighbouring country, (c) individual trusteeships or (d) United Nations trusteeships. The decision is to take into account the wishes of the inhabitants and the views of interested powers. The former may be ascertained by commissions which the Deputies are authorized to send to any or all of the territories. British pledges to the Senussi are to be borne in mind. The Arab League has claimed the

right to be represented on any international organization which may be sent to investigate the wishes of the inhabitants of Libya.

3. The United Kingdom Government takes the view that active belligerents should be consulted on the disposition of the Italian colonies before the General Assembly is consulted, and is, therefore, inclined to attach some importance to views which may be expressed by delegates attending the Paris Peace Conference. It will be proposed by the Four Powers at the Conference that Italy should be required in the treaty simply to renounce its colonies rather than to cede them to any designated group of powers. Meanwhile the Deputies are continuing to study the various proposals offered by the four Foreign Ministers during the May meeting of the Council in Paris.

#### PARIS MEETING OF FOREIGN MINISTERS, MAY, 1946

4. These showed a marked divergence. The delegate of the U.S.S.R. suggested that each of the Italian colonies might be placed under a ten-year joint international trusteeship, exercised in each case by two states—one of the major Allies and Italy. In addition, the Soviet representative proposed that an advisory committee of five might be set up for each colony, composed of one representative of each of the three powers not exercising the trusteeship and two representatives of the local inhabitants. In this connection the Soviet delegate advanced the claim of the U.S.S.R. for the post of administrator in the case of the proposed trusteeship for Tripolitania.

5. The United States delegate continued to advocate a collective trusteeship for each of the Italian colonies under the United Nations. M. Bidault restated the French Government's view that Italian trusteeship for the colonies was the only practical solution of the problem. The Italian Prime Minister, meanwhile, told Mr. Bevin in confidence that his Government was prepared to surrender all colonies to the United Nations on the understanding that the latter would dispose of them after the wishes of the inhabitants had been consulted.

6. The British Foreign Minister advanced the view that Libya, comprising Cyrenaica and Tripolitania, should be treated as an independent state, and that representatives of the inhabitants should be consulted as to its constitution. An amplification of the British proposals indicated that a regime was envisaged in Libya similar to that of a Class A mandate under the League of Nations; i.e., one applied to a community whose existence as an independent nation could be provisionally recognized, subject to the rendering of administrative advice and assistance until the territory was able to stand alone. (Of this group Iraq was the most successfully administered. Here a formal mandate was never adopted. From 1922 onward Anglo-Iraqi relations were defined in a series of increasingly liberal treaties, the first of which stated that British advice and assistance would be provided without prejudice to Iraq's national sovereignty.) For Italian Somaliland, Mr. Bevin suggested union with British Somaliland, the Ogaden and the "reserved areas" of Ethiopia under a

United Kingdom trusteeship. (In June, however, this proposal was withdrawn). He urged that no decision be made regarding Eritrea until the views of the Ethiopian Government had been ascertained.

7. In later phases of the May meetings both Mr. Bevin and M. Molotov offered new proposals. M. Molotov agreed with France that Italy should be appointed trustee for each of the colonies, but under a ten-year time limit in Libya. Mr. Bevin then said he would agree to an Italian trusteeship for Tripolitania provided the United Kingdom were made trustee for an enlarged Cyrenaica.

#### CANADIAN INTEREST

8. The primary Canadian interest in the disposal of the Italian colonies is in having the Great Powers concerned resolve their differences to the end that peace may be concluded. For this reason, as noted above, the Canadian delegation would be likely to support any solution agreed upon by the Four Powers.

9. The second Canadian interest with regard to the disposal of the Italian colonies concerns military strategy in the Mediterranean in relation to the defence of Canada. In this connection an appreciation, prepared by the Chiefs of Staff Committee, of Canadian strategic interest in the Mediterranean is attached.<sup>1</sup>

10. The basis of the conclusions of the Chiefs of Staff is that it is of great strategic importance to Canada that the U.S.S.R. be prevented from establishing bases astride the Mediterranean-Red Sea line of communication or on the African mainland. In their opinion the most desirable solution of the problem of the Italian colonies would be to designate the United Kingdom and the United States, either jointly or separately, as the administering authority. They oppose a United Nations collective trusteeship which would include Russia as an active participant, since this might tend to the expansion of Russian influence in the Middle East and in East Africa. For this reason they would prefer to a United Nations collective trusteeship either the return of the colonies to Italy or their recognition as independent states or their incorporation with adjacent small powers not likely to come under the domination of the U.S.S.R.

11. It should be noted, however, that the Chiefs of Staff, in preparing their appreciation, lacked precise information regarding the nature of a United Nations collective trusteeship, and it is, therefore, probable that they over-emphasized the degree of active participation which the Soviet Union would have in a system of collective trusteeship for the Italian colonies. Under collective trusteeship, the administrator of a colony would be appointed by the Trusteeship Council of the United Nations and would be responsible to it. He would in no sense be responsible to the local advisory committee on which the Soviet Union would have one of the seven seats. On the Trusteeship Council, to which he would be responsible, the Soviet Union would not be

<sup>1</sup> Voir le document 50.

<sup>1</sup> See Document 50.

able to dictate policy since it would have no power of veto and would control only one or two of the eight or so votes. Objections to collective trusteeship are more likely to be sustained in other respects. It may prove difficult to finance development of territories for which no single power is individually responsible. Complications are not unlikely to result from the expression of divergent opinions on political, economic, social and educational questions within the territory by Councillors of different nationalities, each of whom will be subjected to pressure by local minority groups and possibly by outside interests as well. The consequence of the difficulties foreseen by various governments would be to retard achievement of the aims set forth in Article 76 of the Charter.

12. The third major Canadian interest in the disposal of the Italian colonies is concerned with questions of strategy which arise out of the relations between the Soviet world and the Western world. The Soviet Union in its propaganda about the Italian colonial question will do its best to pose as the defender of the rights of non-European peoples against Anglo-American imperialism. One of the present great sources of the strategic weakness of the Western world especially in the Middle East, arises out of the discontent of the non-European peoples, which makes it much easier for the Soviet Union to extend its influence in the areas concerned. In order to build up our defence against Soviet expansion, it is essential that the Western world take away the initiative from the Soviet world on colonial matters and press for an early realization of the ideal of independence for non-self-governing peoples. This policy is risky, but less risky than letting the Soviet Union get away with posing as a defender of the rights of non-European peoples and using anti-imperialism as a wedge to divide the United States from Great Britain, The Netherlands and France. It is, therefore, essential that the Western powers propose a settlement of the Italian colonial problem which would be more acceptable to the native population and to the Arab bloc than the proposals put forward by the Soviet Union.

13. The Arab League welcomed Mr. Bevin's suggestion that Libya's independence should be recognized. The Secretary of the League stated that if this were done there would be no objection on the part of Arab countries to the lease of a port or the use of other facilities in Libya by British forces whose withdrawal from Egypt has been requested. Mr. Bevin's plan, however, did more than provide for the continued protection of British lines of communication and the satisfaction of fundamental considerations on which the Chiefs of Staff Committee based its recommendations. It also offered a good prospect of strengthening the influence of the democratic nations in an area where the former denial of independence won for the Allies indifferent friends during the recent war and cost them many lives and possibly months of difficult fighting. It is to the interest of the Commonwealth as a whole that any plan which may be substituted for Libyan independence shall ensure to the inhabitants without further delay the self-governing institutions of which they have hitherto been deprived.

58.

DEA-FAH/40-C-1946/1A

*Extraits du commentaire pour la gouverne de la délégation  
à la Conférence de Paris pour préparer les traités de paix  
avec l'Italie, la Roumanie, la Hongrie, la Bulgarie et la Finlande*

*Extracts from the Commentary for the Guidance of the Delegation  
to the Paris Conference to Prepare Peace Treaties  
with Italy, Romania, Hungary, Bulgaria and Finland*

July 29, 1946

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## PRELIMINARY DRAFTING

## [DES TRAITÉS DE PAIX/OF PEACE TREATIES]

Under the terms of the Moscow communiqué the treaties with Italy, Roumania, Hungary, Bulgaria and Finland will, in the first instance, be drafted by the signatories of the surrender terms relating to those countries, that is to say:

(a) the terms of the peace treaty with Italy will be drafted by the Foreign Ministers of the United Kingdom, the United States, the U.S.S.R. and France.

(b) the terms of the peace treaties with Roumania, Bulgaria and Hungary by the Foreign Ministers of the U.S.S.R., the United States and the United Kingdom.

(c) the terms of peace treaties with Finland by the Foreign Ministers of the U.S.S.R. and the United Kingdom.

Canada was not a signatory to any of the Armistice Agreements. These armistices were regarded by the Canadian Government as military instruments imposed upon states by the Commanders of the Allied Forces, and at the time the Canadian Government took pains to reserve its position in relation to the negotiation and signature of the final peace treaties with enemy states. [p. 21]

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## SIGNATURE OF THE TREATIES

As regards the signature, it is provided "that the final texts of the respective treaties so drawn up will be signed by the States represented at the Conference which are at war with the enemy states in question".

Canada's position as regards the declaration of war in relation to the countries to be dealt with at the Peace Conference is as follows:

Canada declared war on Italy, June 10th, 1940.

Canada declared war on Roumania, 7th December, 1941.

Canada declared war on Hungary, 7th December, 1941.

Canada declared war on Finland, 7th December, 1941.

Canada is not in a state of war with Bulgaria although certain provisions of the Trading with the Enemy Act were applied to commercial relations between Canada and Bulgaria as a result of Bulgarian association with the Axis. Canada, therefore, will probably not be a signatory to the Peace Treaty with Bulgaria, but will sign the treaties with Italy, Roumania, Hungary and with Finland. [p. 23]

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#### CANADIAN INTERESTS

##### [DANS LE RÈGLEMENT ITALIEN/IN ITALIAN SETTLEMENT]

In general, the Canadian Government has shared the interest of the United States and the United Kingdom in encouraging the growth of stable economic and political conditions in Italy, and in supporting governments which sought to maintain contact with the democracies of Western Europe and America. While, following the withdrawal of Canadian forces from the Italian peninsula, official contact between Canada and Italy has been for the most part indirect, the Canadian Government has nevertheless given support to proposals, such as the extension of UNRRA aid, which were designed to assist in restoring the Italian economy. Normal contacts such as postal communications and parcel post facilities were restored at as early a date as possible, and the Trading with the Enemy Regulations were withdrawn in so far as they affected Italy. Steps were also taken to make it possible for Italians in Canada to organize relief for the assistance of their friends and relatives in Italy. In this respect, the policy of the Canadian authorities was altered in favour of Italy many months before permission was given to establish funds for aid in other enemy states.

Permission was also given for the establishment in Ottawa of an Italian Mission which, though it has been denied diplomatic or consular status, has been authorized to perform the functions of a Consulate General. Approval has also recently been given to the establishment of a Canadian Trade Mission in Italy, although there is no immediate prospect of a Canadian diplomatic mission being sent there. Moreover, as mentioned above, we replied to the Italian Representative's note of June 20th, 1946, by extending "the cordial good wishes of the Government of Canada to the Republic of Italy"; and Prime Minister King's telegram of July 6th to Signor de Nicola congratulated him upon his election "as Provisional President of the Italian Republic". [pp. 34-35]

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##### [RÉPARATIONS ITALIENNES/ITALIAN REPARATIONS]

On the question of compensation for damage to United Nations property in Italy M. Molotov suggested that Italy should pay only a certain percentage of the compensation in view of her inability to pay reparation in full.

M. Bidault and the United Kingdom and United States delegates adhered to the view that compensation should be in full. No agreement has been reached on this question.

(iv) *Canadian Interests*

(a) *General*

Canada has a number of specific interests in the economic clauses of the peace treaty and these have been outlined below. Far more important, however, is her general interest to see that the economic provisions of the peace treaty contribute to a set of economic arrangements which, while clipping the wings of Italian imperialism, still make possible a decent life for the Italian people in free association with the countries of the west. It follows that measures to prevent the readoption of discriminatory trade practices chime in with Canada's interest, and that, in so far as it is possible in the peace treaty to go beyond these negative provisions and take some positive steps to wed Italy to a multilateral system, this also would be desirable.

(b) *Specific*

(1) *Relief.* In addition to contributing fully and promptly to UNRRA, Canada has provided Italy with supplies worth more than \$28,000,000 as part of a scheme of military relief. This scheme was financed jointly by the United States, the United Kingdom and Canada, and was in operation from the first allied landings in Sicily until July, 1945. In theory Canadian expenditures for this purpose are recoverable from the Italian Government; but it may be doubted whether repayment can in fact be made. Indeed, the United States Administration has recently come to the conclusion that it would be wise to drop entirely the claim for military relief against Italy and has been informally urging the United Kingdom and the Canadian Governments to adopt the same attitude. Apparently it is the United States view that it will be awkward for them at the peace conference to urge other countries to waive their claims for general reparations from Italy if the United States is maintaining its claim for repayment of relief. The complete abandonment of claims for repayment of military relief would raise difficult complications. In the first place, there is no intention of dropping similar claims against the allies in Western Europe which have received military relief. Indeed, demands for payment have recently been presented to France, Belgium, Holland, Luxembourg and Norway. Secondly, if the claim against Italy were dropped either before or during the peace conference, a valuable weapon would be sacrificed which otherwise might be used to combat the demand that general reparations should be exacted from Italy, a thesis which, in view of the present state of the Italian economy, seems both undesirable and impracticable.

(2) *Private Claims.* At present the private claims against Italy which have been registered with the Canadian Custodian amount to \$5,630,720. This total, however, may have to be revised either up or down. On the one hand, it should be remembered that the Custodian has not advertised for claims, and if this is done the total may be considerably increased. On the other hand, some of the claims which have been submitted may prove, on examination, to be in excess of what is warranted by the facts; and in that case the total would be reduced.

The total of Italian assets held by the Canadian Custodian is a very similar figure. It now stands at \$5,977,683. In one United Kingdom draft it has been proposed that a clause should be included in the peace treaty empowering those of the United Nations that wish to do so to utilize Italy's assets in their territories to meet pre-war Italian indebtedness to residents of the country concerned. There would appear to be no reason why this clause should not be broadened to allow each of the United Nations to use Italian assets in their possession to satisfy *any* private claims from their residents, whether these arose from transactions made before the war or from damage suffered during it. In this way Canada might be fortunate enough to discharge all the legitimate private claims which have been or may be registered out of the proceeds of the Italian external assets now held by the Canadian Custodian.

(3) *Allied Military Lire Account.* If the Italian assets now held in Canada do not prove adequate to satisfy all legitimate claims, the Custodian has suggested that the Allied Military Lire Account might be used for this purpose.

During the last stages of the campaign in Sicily and throughout the Italian campaign, Canadian troops were paid with Allied Military Lire issued on the authority of the United Kingdom and United States Governments. The equivalent in Canadian dollars of Allied Military Lire received by Canadian paymasters up to the 31st of December, 1945, was \$11,469,216. In international law there is no obligation on the Canadian Government to consider this a debt owed to the Italian Government. The United Kingdom Government, whose account under this head is very large and now exceeds £32,000,000, has decided to maintain its rights and to refuse to make the equivalent foreign exchange available to the Italian Government. The United States had followed the opposite policy. Shortly before the last Presidential election, and perhaps with an eye to the votes of the large numbers of electors in the United States of Italian extraction, Mr. Roosevelt announced that it had been decided to reimburse the Italian Government with foreign exchange equivalent to the amount of Allied Military lire used by the American troops in Italy. The United Kingdom have indicated that they intend to press for inclusion in the peace treaty of a clause reaffirming the obligation imposed on Italy by Article 23 of the Armistice to furnish lire for the use of the Allied Forces in Italy. Even if this were done, of course, it would still be open to any of the United Nations to reimburse the Italian Government as a matter of grace if they wished to.

The Department of Trade and Commerce has suggested that part of the Allied Military Lire Account, say \$3,000,000, might be used to finance Canadian exports to Italy, since it appears certain that by no means all of the funds now in this account will be needed to meet the private claims of Canadian nationals. By following this course, the Canadian Government would be assuming an obligation towards Italy which is not enjoined by international law. It has been argued, however, that such an act of grace

would have great advantages for Canada as well as for Italy. The Italian Government would be enabled to obtain some of the goods which it urgently needs over and above the essential imports now being provided by UNRRA. Canada, for its part, would be given an opportunity to resume exporting to Italy even if only on a small scale. Since there is no immediate prospect of granting a credit to Italy, the use of the Allied Military Lire Account would seem to provide the only available method of reopening the Italian market to private Canadian exporters. It has also been pointed out that the Allied Military Lire Account is such a special case that using it to finance trade with Italy would not necessitate the immediate consideration of alternative methods of financing trade with Italy's neighbours. Moreover, there would seem to be no objection to the scheme in equity since the bulk of Allied Military Lire paid out to Canadian troops was issued after Italy had become a co-belligerent.

(4) *Trade.* Canadian trade with Italy is historically and potentially of far greater importance than Canadian trade with any other of the four countries with which peace treaties are to be negotiated at Paris. In 1930 Canada exported goods to Italy to the value of \$15,360,000. During the succeeding years this figure dropped steadily. In 1939 the value of Canadian exports was only \$2,231,000. The chief reason for this decline was the Italian policy of self-sufficiency and of import and exchange restrictions. It is the view, however, of the Department of Trade and Commerce that the immediate pre-war figures give no fair indication of the possibilities of permanent, long-term trade between the two countries.

The Chief exports during the period 1930-1939 were wheat, nickel, wood pulp, fish and fish products, copper and copper products, lead pigs, asbestos and asbestos sand. The Department of Trade and Commerce believe that in future there should be a steady and expanding market for all these goods. In addition, Canadian agricultural implement manufacturers consider that they should have an excellent opportunity of obtaining for Canada a substantial volume of business.

Canadian imports from Italy amounted in 1930 to \$5,463,000. This figure had dropped by 1939 to \$2,354,000. The chief imports during that period were lemons, citron rinds in brine, olives in brine, nuts, canned vegetables, olive oil, wines, raw hides and skins, leather and its manufactures, cheese, dyed or printed cotton fabrics, silk fabrics and warps, mercury, and tobacco pipes.

The restrictions which had been imposed by the United States, the United Kingdom and Canada during the war on private trade with Italy were removed in September 1945. As a result, United States exporters have shipped large quantities of electrical equipment, oil, cotton, wool and cellulose. This trade has been financed by the dollars equivalent to the Italian Lire issued as pay to the United States troops in Italy, and out of the dollar proceeds of remittances by Italian emigrants to their families and friends at home. Owing

to the difficulties of finance, there has been no parallel resumption of private trade between Canada and Italy. The Italian Government is anxious that means should be found to reopen this trade as quickly as possible. Recently the Italian Commercial Counsellor in Ottawa has indicated that Italy is now in a position to make a start in exporting to Canada; he has mentioned particularly raw silk and marble. In return, Italy would like a large range of Canadian food-stuffs. A Canadian Trade Commissioner has now taken up his duties in Rome and is investigating the immediate possibilities for Canadian exports.

(5) *Subsidiaries of Canadian Companies.* Aluminium, Limited, of Montreal, fully owns the three following subsidiaries in Italy:

S.A. Mineraria Triestina (bauxite mining)

S.A. Prodotti Chimici Nazionali (alumina producing)

Societa dell' Alluminion Italiano (aluminium smelter).

The bauxite mines owned by the Italian Company first named above are chiefly situated in the disputed area of Istria which is now under the control of the Yugoslav Government.

(6) *Military Surpluses.* The United Kingdom has proposed that a clause should be included in the peace treaty whereby Italy would acknowledge her debt in respect of the value of surplus army stores left behind in Italy. This question is of negligible interest to Canada. The only Canadian military surpluses now left in Italy are approximately 700 vehicles. These have been turned over for disposal to the United Kingdom Ministry of Supply. [pp. 67-70]

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#### CANADIAN INTEREST

#### [DANS LES RÉPARATIONS DE LA ROUMANIE/ IN REPARATIONS FROM ROUMANIA]

##### (a) *General*

Canada's general interest in the creation of a multilateral system of world trade would seem to indicate the desirability of any provisions in the peace treaty designed to establish the open door in Roumania and to prevent the Soviet Union from monopolizing the trade of the country. On the other hand, Canada's immediate interest in this question is slight since in the past its trade with Roumania has been negligible. For example, in 1938 imports from Roumania amounted to \$87,000, while the value of Canadian exports was \$59,000.

It may also be doubted whether any commercial clauses, however comprehensive and rigid, would be effective in practice in view of the obvious intention of the Soviet Union to treat Roumania as a client state, economically.

##### (b) *Private Claims*

At present claims which have been registered by Canadian nationals with the Canadian Custodian amount to \$509,000. In addition, claims have been

registered by refugees now resident in Canada to the value of \$301,000. It should be remembered, however, on the one hand, that the Custodian has not advertised for claims and, on the other, that some of the claims which have already been registered may not be warranted. The total of Roumania's assets held by the Custodian is \$521,000. [pp. 91-92]

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#### CANADIAN INTEREST

[DANS LES RÉPARATIONS DE LA HONGRIE/IN REPARATIONS FROM HUNGARY]

##### (a) *General*

Canada's general interest in the creation of a multilateral system of world trade would seem to indicate the desirability of any provisions in the peace treaty designed to establish the open door in Hungary and to prevent the Soviet Union from monopolizing the trade of the country. On the other hand, Canada's immediate interest in this question is slight since in the past its trade with Hungary has been negligible. In 1938, for example, imports from Hungary amounted to \$162,000, while the value of Canadian exports was only \$7,000.

It may also be doubted whether any commercial clauses, however comprehensive and rigid, would be effective in practice in view of the obvious intention of the Soviet Union to treat Hungary as a client state, economically.

##### (b) *Private Claims*

At present the private claims which have been registered by Canadian nationals with the Canadian Custodian amount to \$332,000. In addition, claims have been registered by refugees now resident in Canada to the value of \$679,000. It should be remembered, however, on the one hand, that the Custodian has not advertised for claims and, on the other, that some of the claims which have already been registered may not be warranted. The total of Hungary's assets held by the Custodian is \$1,053,000. [pp. 109-110]

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#### CANADIAN INTEREST

[DANS LES RÉPARATIONS DE LA BULGARIE/IN REPARATIONS FROM BULGARIA]

##### (a) *General*

Canada's general interest in the creation of a multilateral system of world trade would seem to indicate the desirability of any provisions in the peace treaty designed to establish the open door in Bulgaria and to prevent the Soviet Union from monopolizing the trade of the country. On the other hand, Canada's immediate interest in this question is slight since in the past its trade with Bulgaria amounted to \$15,000 while the value of Canadian exports was \$33,000.

It may also be doubted whether any commercial clauses, however comprehensive and rigid, would be effective in practice in view of the obvious intention of the Soviet Union to treat Bulgaria as a client state, economically.

(b) *Private Claims*

At present the private claims, which have been registered by Canadian nationals with the Canadian Custodian amount to \$192,000. It should be remembered, however, on the one hand, that the Custodian has not advertised for claims and, on the other, that some of the claims which have already been registered may not be warranted. The total of Bulgaria's assets held by the Custodian is \$67,000. [p. 126]

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## CANADIAN INTEREST

[DANS LES RÉPARATIONS DE LA FINLANDE/IN REPARATIONS FROM FINLAND]

(a) *General*

Canada's general interest in the creation of a multilateral system of world trade would seem to indicate the desirability of any provisions in the peace treaty designed to establish the open door in Finland and to prevent the Soviet Union from monopolizing its trade.

(b) *Specific*(1) *Trade*

Canada's trade with Finland has always been restricted because many of the goods which Finland has for export compete with Canadian export surpluses. For example, Finland has considerable export surpluses of timber, wood pulp, cellulose and paper. In 1938 Canadian imports from Finland amounted to \$98,000; the chief items which contributed to this total were cheese, wooden furniture, paper, engines and boilers, and farm implements. Exports from Canada to Finland in the same year amounted to \$578,000; they consisted chiefly of wheat and flour, rubber tires and tubes, leather, and farm implements and machinery.

(2) *Canadian Plants*

In 1934 the International Nickel Company of Canada, Limited, through its United Kingdom subsidiary, the Mond Nickel Company, Limited, entered into a long term concession agreement with the Government of Finland, as a result of which it secured the right to mine nickel-bearing ore in the Petsamo district of northern Finland. By 1939 Petsamon Nikkeli O/Y, a Finnish company wholly owned by the International Nickel Company of Canada, Limited, through the Mond Nickel Company, Limited, had almost completed the building of a smelter for the production of nickel-copper matte. With the outbreak of war between Russia and Finland in that year, the project was suspended and all Canadian and British personnel were recalled. The Finnish Government then took steps to bring the project into production.

Since the mines and installations lie in that area of Finland ceded to the Soviet Union by the Armistice, they have now passed into the possession of the Soviet Government. A Protocol to the Armistice, however, was signed in Moscow on the 8th October, 1944, by the Canadian and United Kingdom

Ambassadors and a representative of the Soviet Government whereby the Soviet Government undertook to pay \$20,000,000 (United States currency) to the Canadian Government as full and final compensation to the International Nickel Company of Canada and its subsidiary, the Mond Nickel Company, Limited. The payments were to be made in twelve semi-annual instalments during the ensuing six years. The first three payments have already been received by the Canadian Government from the Soviet Government and have been transferred to the International Nickel Company of Canada. The assets of Petsamon Nikkeli O/Y in southern Finland are now being liquidated according to Finnish law.

(3) *Private Claims*

At present the private claims which have been registered by Canadian nationals with the Canadian Custodian amount to \$7,782,000. It should be remembered, however, on the one hand, that the Custodian has not advertised for claims and, on the other, that some of the claims which have already been registered may not be warranted. The total of Finland's assets held by the Custodian is \$287,000. [pp. 141-142]

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59.

CH/Vol. 2118

*Procès-verbal de la première réunion de la délégation  
à la Conférence de paix de Paris*

*Minutes of the First Meeting of the Delegation  
to the Paris Peace Conference*

[Paris,] July 29, 1946

PRESENT:

The Prime Minister  
Mr. Claxton  
Mr. Robertson  
Mr. Heeney  
General Vanier  
Mr. Wilgress  
Mr. Ritchie  
Mr. Chapdelaine  
Mr. Gibson  
Mr. Rae

1. DELEGATION MEETINGS

It was agreed that a short meeting should be held every morning.

2. CONFERENCE PROCEEDINGS JULY 29TH

It was reported that M. Bidault would speak at the formal opening this afternoon and that over the next two or three days the heads of various delegations would be invited to speak briefly.

### 3. PUBLICATION OF DRAFT TREATIES

It was reported that no agreement had yet been reached among the Four inviting powers for publication. The United States had indicated it had no objection to publication; the United Kingdom had taken no decision. There had been considerable leakage of the actual contents of the draft treaties.

### 4. POINTS TO BE RAISED AT MEETING OF BRITISH COMMONWEALTH DELEGATIONS

Mr. Robertson said that there were two principal matters to be considered:

(1) The status of the text of the draft treaties. The U.S.S.R. took the view that the drafts agreed upon among the Big Four were binding inter se. The United Kingdom felt they should be free to propose amendments themselves in Commission. (A situation comparable to discussion of the Dumbarton Oaks proposals at San Francisco). The United Kingdom delegation wanted to head off unpleasantness of the kind which had developed (from Dr. Evatt and Mr. Fraser).

(2) The status of rules of procedure. The question was whether the Conference should accept those proposals by the Big Four or should undertake to write its own rules of procedure.

5. Mr. Robertson did not see much objection to the Big Four proposals which involved a two-thirds vote rather than a simple majority in Commission. There had been criticism of this two-thirds rule in the press and from certain smaller countries. All decisions presumably were subject to an individual veto of any of the inviting countries.

6. The Prime Minister said he would think it reasonable to say that the Big Four were getting as close together as they possibly could in their own meetings and they would undoubtedly give reasons why they had reached a particular point. (The Big Four ought to be considered free to make any additional recommendations either as amendments or additions).

7. Mr. Robertson thought this a reasonable position but said that given the whole Soviet attitude it was one likely to lead to real misunderstandings and recriminations. The U.S.S.R.'s view was that the draft texts represented the result of many compromises in arriving at which they had abandoned some of their own demands. If for example the United Kingdom and the United States were to say for example, that they really thought Trieste should be Italian and not a free city it might break up the Conference completely.

8. Mr. Wilgress agreed that the U.S.S.R. would feel very strongly any attempt to break down the "compromise basis arrived at".

9. The Prime Minister said the United Kingdom delegation would themselves have to judge how far they should go and it was probably a part of their duty to defend the compromise basis themselves and to explain it to other nations.

10. Mr. Wilgress added that this very basis was apt to be criticized by people like Dr. Evatt.

11. General Vanier said the difficulty the Canadian Delegation was likely to encounter from beginning to end was that the draft treaties represented one indivisible pattern based on compromise. If the pattern were displaced the whole mechanism might be thrown out of joint. There might be more re-creations than anything else brought to Paris to discuss these treaties and in the end the Big Four would decide it was quite impossible to touch this indivisible pattern without a complete breakup of the Conference.

12. The Prime Minister said this was a factor in which judgment would have to be used in deciding. He doubted what the Canadian Delegation could add to arguments already considered regarding treaties with Finland, Hungary, Roumania and even Italy. Would the Canadian Delegation not be curiously self assertive if it allowed the Conference to break up because the Canadian Delegation's own views were not being met.

13. Mr. Robertson mentioned as such a case that of the South Tyrol as probably the one boundary frontier where Italy had the weakest case but the one which had not been modified.

14. There was some further discussion about Soviet interests in the Conference from which it appeared that discussions of political differences might be precipitated on questions of procedure quite apart from discussions on specific issues. The Prime Minister said that the U.S.S.R. ought themselves to see that the "rubber stamp idea" would create tremendous resentment. Mr. Claxton added that there would be similar resentment in the United States and Great Britain. General Vanier added his view that quite some days might be spent on questions of procedure and some very heated discussions might be anticipated before the substance of the treaties was reached at all.

60.

CH/Vol. 2118

*Le premier secrétaire, l'ambassade en France, au haut commissaire  
par intérim en Grande-Bretagne*

*First Secretary, Embassy in France, to Acting High Commissioner  
in Great Britain*

SECRET

Paris, August 13, 1946

Dear Mr. Hudd,

In reply to your letter of August 2nd,† Mr. Robertson has asked me to send on to you copies of the Minutes prepared by Mr. Cumming-Bruce on the first two general meetings of Commonwealth representatives at the Paris Peace Conference.

In sending on to you the attached documents it should perhaps be pointed out that these are not the agreed Minutes, but nevertheless provide a full and useful account of the discussions.

Yours very truly,

SAUL F. RAE

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Extraits du procès-verbal d'une réunion des délégations du Commonwealth à la Conférence de paix de Paris<sup>1</sup>*

*Extracts from Minutes of a Meeting of the Delegations of the Commonwealth at the Paris Peace Conference<sup>1</sup>*

SECRET

Paris, July 30, 1946

\* \* \*

*Voting*

MR. ATTLEE invited comments on the draft rules.

MR. MACKENZIE KING expressed his readiness to accept the rules. The recommendations of the Conference had to be referred to the four Powers for final decisions. He did not, therefore, attach great importance to the method of voting on the questions raised. The public statement of those views was the main necessity. He added that the issues were not being now taken up for the first time, and that Dominion Governments had been kept fully informed of the proceedings of the Four Powers from the start. It was essential in his view that a settlement should now effectively be made.

DR. EVATT said that the Australian Delegation was very strongly opposed to the two-thirds majority rule. The Conference was merely a recommending body, not a deciding authority, so that there was no need for the two-thirds safeguard. The Soviet Delegation with its satellites mustered six votes. It seemed that there would be abstentions by some delegations. The two-thirds rule, therefore, in effect gave a veto to the Russian group. It would be extremely difficult to transmit any recommendations to the Four Powers and the Russians could argue that the absence of recommendations implied confirmation by the Conference of the draft texts.

MR. BEASLEY<sup>2</sup> enquired whether the United Kingdom Delegation were bound to support the draft rules of procedure, and in particular the two-thirds rule. If so, it seemed that the United Kingdom Government would hardly be able to support at the final stage proposals for amendment which they considered sound, and were disposed to favour, in the absence of any Conference recommendation. He very much hoped therefore that the United Kingdom Delegation would not bind themselves.

MR. JORDAN<sup>3</sup> expressed opposition to the two-thirds rule.

<sup>1</sup> La réunion a eu lieu le 29 juillet.

<sup>2</sup> De la délégation de l'Australie.

<sup>3</sup> De la délégation de la Nouvelle-Zélande.

<sup>1</sup> The meeting was held on July 29.

<sup>2</sup> Of the Australian Delegation.

<sup>3</sup> Of the New Zealand Delegation.

GENERAL THERON<sup>1</sup> said that, while the South African Government were in general opposed to extension of the veto, they would not be inclined to press their view on an occasion at which the proceedings would result in recommendations and not decisions.

SIR S. RUNGANADHAN<sup>2</sup> said that the Indian Delegation were inclined to agree with the views expressed by the Australian and New Zealand Delegations. It seemed that the Conference would record no positive results under the two-thirds majority rule.

MR. ATTLEE said that the object of the Conference was to obtain the views of the participating Governments. The practical question before them was to consider the best way in which those views could be presented. He observed that, on the one hand, a number of important questions had been left open, on which no agreement had been reached by the Four Powers; on the other hand, in the case of the sponsored texts, the Four Powers were committed to take into account the views expressed at the Conference. The United Kingdom Delegation retained their liberty of action at the final drafting stage.

DR. EVATT said that it came as a shock and surprise to him that the four Powers were committed to support the draft Treaties. It seemed that this commitment would render the Conference a farce. For instance, on matters in which British Commonwealth Governments were specially interested, such as the disposal of the Italian Colonies and the Trieste settlement, the votes of the Four Powers added to the five or six of the Russian group would effectively obstruct a two-thirds majority for proposals for amendment. It would probably, in practice, even be impossible to obtain a simple majority in favour of amendments on this basis. In effect, therefore, the future of the Italian Colonies would be settled either by the four Powers or by the United Nations. The Dominion and Indian Governments, who had made a great contribution to driving Italy from Africa would have no say. Moreover, the United Nations might in a year's time consist of some sixty nations forty of whom had contributed nothing to victory. He deplored such an alternative procedure from the point of view of its constituting a precedent for the Far-Eastern settlement. Dr. Evatt referred to the Dominions Office telegram of 3rd July,† in which Dominion Governments had been informed that the United Kingdom Government were proceeding on the assumption that they would be free at the Conference to support the views put forward there. Apparently the position had changed. The question of four-Power support was the whole crux.

In reply, to Dr. Evatt, MR. MACKENZIE KING compared the position of the four Powers to that of a Cabinet consulting their party and reconsidering their views in the light of the views expressed by their supporters.

<sup>1</sup> De la délégation de l'Afrique du Sud.

<sup>2</sup> De la délégation de l'Inde.

<sup>1</sup> Of the South African Delegation.

<sup>2</sup> Of the Indian Delegation.

MR. ATTLEE said that consideration should be given to the effect if the four Powers abstained from support for the texts on which agreement had been reached after such laborious negotiation. First, would it be possible to reach a settlement at all? And failure to obtain a settlement would be disastrous. Secondly, if the United Kingdom or United States Delegations withdrew their support from the agreed texts the Soviet Delegation might well regard themselves as free to back out of their commitments.

MR. EGELAND suggested that the position was analogous to that at San Francisco. DR. EVATT considered that the analogy broke down if the United Kingdom Government were not free to suggest those amendments that they regarded as reasonable.

DR. EVATT said that the fundamental question was whether the Dominion and Indian Governments were to participate on a basis of equality with other Governments in the making of the peace. He referred to the declaration made by the Australian, New Zealand and South African Governments during the first session of the Council of Foreign Ministers. The Canadian Government had supported their views. They had a right to participate and the Council's work should be purely preparatory. Their position was little better than that of enemy countries.

MR. MACKENZIE KING said that British Commonwealth Governments were far from being in a rubber stamp position. They had been and remained in a position to exert their influence. They must consider the possible consequences. If the effect of an effort to obtain amendments was a breakdown of the settlement, they would be defeating their own object. A settlement of these Treaties was essential to pave the way for the real settlement, i.e. with Germany and Japan. It was preferable to accept an imperfect solution in order to make some progress.

MR. BEASLEY asked whether this procedure would be regarded as creating a precedent for the Far Eastern settlement, this would be totally unacceptable. [sic] The Soviet Government were succeeding in arrogating a position of more and more privilege.

MR. MACKENZIE KING said that he fully appreciated the objections to the draft treaties and procedure, but it would be playing into Russian hands to postpone a settlement.

DR. EVATT, referring to Mr. Mackenzie King's statement that Dominion Governments were in a position to influence the settlement, distinguished equal participation from a position of influence. The Australian Government were not prepared to accept the latter only. They claimed a right of participation similar to that of the United Kingdom at any rate for the Pacific settlement. The pattern here would determine the pattern for the Far East which was vital for Australia. He asked why France should be given a status superior to that of British Commonwealth countries when her contribution to victory over Italy had been negligible. It appeared that Dominion Governments were in an inferior position to that of 1919.

\* \* \*

MR. JORDAN observed that, as the United Kingdom Government would consult other British Commonwealth Governments in the final drafting stage, the views of those Governments would in fact exercise effective influence.

MR. MACKENZIE KING referring to the suggestion that the Conference proceedings might create a precedent for other settlements said that if he had shared that view, his opinions would have been different. But Dominion Governments could use this Conference as a forum to state their view to the contrary. They could place on record that, in agreeing to the procedure in this instance, it was entirely without prejudice to the procedure for their participation in the other settlements. At San Francisco it had similarly been necessary to accept undesirable provisions in order to obtain Soviet participation. Some sacrifice must be made in Paris in order that progress might be made.

DR. EVATT suggested that the Conference might make a declaration on the subject of procedure of the other settlements.

In reply to MR. MACKENZIE KING, Mr. Attlee stated that he would be glad to arrange meetings at which other British Commonwealth Delegations might be given background information regarding the reasons for which the United Kingdom Government had accepted the provisions of the draft texts on the Italian Colonies Trieste, reparations, etc.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Extrait du procès-verbal d'une réunion des délégations du Commonwealth à la Conférence de Paix de Paris<sup>1</sup>*

*Extract from Minutes of a Meeting of the Delegations of the Commonwealth at the Paris Peace Conference<sup>1</sup>*

SECRET

Paris, July 30, 1946

\* \* \*

1. MR. ATTLEE said that the United Kingdom Delegation had given further consideration to the question of their commitments in regard, first, to the proposed rules of procedure, and, secondly, to the texts of the draft treaties. As regards the proposed rules of procedure, the United Kingdom Delegation would recommend the proposed rules to the Conference. If, however, reasonable amendments were put forward, and commanded a substantial degree of support in the debate, the United Kingdom Delegation regarded themselves as free to vote for such amendments. It was understood that a similar line might be taken by one of the other Four Powers.

MR. MACKENZIE KING said that the Canadian Delegation wished to be free to support a proposal for amendment of the two-thirds majority rule.

DR. EVATT expressed his warm appreciation of the decision of the United Kingdom Delegation, which he regarded as very satisfactory. He added

<sup>1</sup>La réunion a eu lieu dans la soirée du 29 juillet.

<sup>1</sup>The meeting was held in the evening of July 29.

that, from discussion with certain foreign delegations, he understood that several of them shared his views regarding the two-thirds majority rule.

2. MR. ATTLEE explained the United Kingdom Delegation's commitments in regard to the texts of the draft treaties. The United Kingdom Delegation were bound to recommend and support the agreed proposals. He asked that these should be regarded as a whole. For instance, a concession by the Soviet Delegation on one issue had often been met by a concession on the part of other delegations on another issue. If the negotiations were reopened the result might be a worse agreement in the end. The present proposals, though obviously not perfect, were better than they might have been.

MAJOR-GENERAL THERON considered that the proposals represented a substantial success for the United Kingdom Delegation in some directions.

DR. EVATT expressed his objection to the proposed procedure for the disposal of the Italian Colonies on the lines of the views expressed by him at the meeting in the morning. It would in his view, be preferable for the ultimate authority for disposal, in the event of failure of the Four Powers to agree, to rest with the 21 active belligerents rather than the United Nations.

MR. ATTLEE agreed that the active belligerents had a right to have a special say. But we had to take what we could get, and he observed that in practice British Commonwealth Governments would under paragraph 2 of the proposed Declaration have an opportunity to state their views. In this respect, therefore, they would be in no way worse off than if an Article to the same effect had been included in the draft treaty with Italy.

MR. BEASLEY expressed the hope that no concession would be made on the Colonies issue in the interests of a more favourable settlement for Trieste. He emphasized the special interest of Australia in Mediterranean communications.

MR. ATTLEE explained the cogent practical need from the point of view of the United Kingdom for the earliest possible European settlement.

MR. MCNEIL<sup>1</sup> said that, while the United Kingdom Delegation must themselves stand by the text of the draft treaties as representing a compromise to which they had been a party, other British Commonwealth Governments were, of course, not similarly bound.

DR. EVATT said that while, as Mr. McNeil had stated, Dominion Delegations were not committed to the Four Power proposals, this freedom of action would seem to be of little value in practice if the Four Powers supported the texts, since very little additional support was required by the Russian bloc to prevent even a simple majority in favour of amendment.

MAJOR-GENERAL THERON said that the South African Government agreed in principle with the Australian Government's views on the subject of the procedure of disposal, and in view of their special interest in the territories would like to have an effective voice. But they would not be prepared to press

<sup>1</sup> De la délégation de Grande-Bretagne.

<sup>1</sup> Of the British Delegation.

their view to a point that would prejudice the Four Power agreements already reached. They regarded postponement for a year as a valuable achievement. He asked that, before any final decision on disposal was taken, the United Kingdom Government should consult the South African Government and take their views into account.

MR. ATTLEE assured Major-General Theron that this would be done.

MR. JORDAN said that the New Zealand Government considered that a final decision should be taken only after the freely expressed wishes of the populations of the territories had been ascertained. It was explained that a referendum would not be practicable in some of the territories, and the insistence of the United Kingdom Government on fulfilment of their pledges to the Senussi was recalled.

SIR J. BHOPE<sup>1</sup> said that the Indian Delegation were very sympathetic with the Australian Delegation's view. They recognized the difficulties of the United Kingdom Government, but were anxious to have an opportunity to express their views before a decision was reached.

MR. MACKENZIE KING recalled that at the recent Meeting of Prime Ministers in London there had been general agreement that the Foreign Secretary had taken special care to give full consideration to the views of Dominion Governments on the issues of the treaties. The United Kingdom Government had shown themselves ready to modify their policy to meet the wishes of other British Commonwealth Governments, who could rest confident that the Foreign Secretary would continue to be careful of their interests. He thought that the emphasis throughout should be on the *results* of any proposals for amendment put forward, and the need to view the settlement as a whole.

3. MR. CLAXTON asked whether any further light could be shed on the prospects of synchronizing the third stage under the Moscow Agreement of preparation of final texts with the second stage of the Conference. Such an arrangement would greatly enhance the reality of the Conference. In the decisive negotiations the Four Powers would be able to keep in touch with the views of the other Delegations and world public opinion would be able to be brought to bear on Russia on each issue as it was settled. This might improve the chances of concessions.

DR. EVATT doubted whether such an arrangement would resolve the difficulty of the relations between the Four Powers and other Governments that would be caused by joint Four Power support of the draft treaties. In some respects, the Conference might find itself hampered in proposing amendments. The Soviet Government might for instance refuse to make a concession on any issue until the recommendations could be considered as a whole. It would be necessary before putting forward such a proposal to be satisfied that the Four Powers would be ready to accept compromises on individual issues.

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<sup>1</sup>De la délégation de l'Inde.

<sup>1</sup>Of the Indian Delegation.

As an alternative, might not the Four Powers agree to abstain from voting at the Conference.

MR. MACKENZIE KING suggested that an arrangement resulting in continuous consultation between the Four Powers and the other delegations would be of considerable value in creating a mounting public opinion against Russia if they proved obstructive.

MR. JEBB<sup>1</sup> thought that there was force in this view. He considered it likely that the Soviet Delegation would stick to the letter of the Moscow Agreement which was open to the interpretation that Stage 3 would not begin until the "conclusion" of the Conference had been recorded. However, there was nothing in the Moscow Agreement to debar the Four Powers from meeting to consider the current proposals of the Conference. In any case, he saw no reason why the United Kingdom Delegation should not put forward a proposal in accordance with the Canadian Delegation's suggestion.

MR. ATTLEE said that he agreed in general with the views of the Canadian Delegation, but it would be advisable to see how the Conference developed.

DR. EVATT said that he was very much encouraged by the United Kingdom Delegation's Decision on the proposed rules of procedure, and he hoped that progress might be made on other aspects later.

61.

PCO/W-22-5

*L'ambassadeur en France au secrétaire d'État aux Affaires extérieures*

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

TELEGRAM 451

Paris, September 1, 1946

SECRET. DELCA 46. The past week of the Conference has been marked by lengthy discussions in the Commissions arising out of amendments to the draft Treaties. In these discussions the Australian amendments, of which there are 70, have generally occupied first place. Their amendments constitute a frontal attack on the draft Treaties over a wide field. In general terms, the most important deal with:

(1) Reparations and the establishment of a Reparation and Restitution Commission;

(2) The inclusion of clauses relating to human rights in all the Treaties, and

(3) The establishment of Fact-Finding Commissions in connection with European boundary disputes.

The paragraphs which follow are intended to summarize the recent discussions and to indicate the attitude of the Canadian delegation on the questions under consideration.

2. In the Economic Commissions for Italy and for the Balkans, several sessions were devoted to consideration of the Australian proposal to set up a

<sup>1</sup> De la délégation de Grande-Bretagne.

<sup>1</sup> Of the British Delegation.

Reparations and Restitution Commission to adjudicate claims for reparations in light of Italian capacity to pay and to supervise execution of reparations provisions of the Peace Treaties. The matter first came up for consideration in the Balkan Commission. We supported the Australian proposal in so far as it related to a Commission for supervising the execution of reparation provisions, particularly when more than one country receiving reparations was concerned. Our stand on this point was supported both by the United States and by France. The Australian delegate finally withdrew his proposal in the light of opposition from the Soviet bloc and Great Powers and referred to the support given parts of his proposal by the Canadian, United States and French delegations. He reserved the right to submit further amendments on this phase of the question at a later stage.

3. Subsequent debate took place with regard to the Australian proposals in the Economic Commission for Italy. As in Balkan Commission, the proposal was vehemently attacked by the Soviet delegation who tried to show that Australia was seeking to deprive the Soviet Union of her just claims for reparations. We took no part in the debate because the question of the Commission to supervise the execution of the reparations provisions was referred to by the Australian representative and he again reserved his rights to submit amendments on those parts of his proposals which had found support among other delegations. On the Australian amendments being put to a vote, they were defeated by 15 to 2 with 3 abstentions, Canada being among the abstainers.

4. The Economic Commission for Italy yesterday established a Sub-Committee of nine members (including Canada) to examine claims for reparations of countries other than the Soviet Union. During discussions on August 30th of Article 64, Wilgress moved that section A, dealing with Soviet reparations, should not be voted upon finally until Sub-Committee had studied claims of other countries. This produced a blast from Vyshinsky, who misrepresented our position as being opposed to Soviet Union's modest claim for reparations from Italy. He said Wilgress as Ambassador to Moscow through the war was in a position to know the extent of the Soviet Union sacrifices and charged obstruction whenever the question of Soviet interests came up. Wilgress made a moderate but firm reply expressing his admiration for sacrifice of Soviet people during the war. Final vote on proposal was 15 against, 5 in favour. It was felt important for us to prevent Article passing without comment in order to protect our position particularly on paragraph 3, and to be able to support Australian proposal for a Reparations Commission with executive functions. The Soviet position is clearly that Treaty clauses on reparations are sacrosanct. Any effort to get at the facts will be met with flat opposition from the Soviet Union in which the other 3 Great Powers will reluctantly concur. So far as we can tell, no Paris paper reported the incident except for a passing reference in *Humanité*. We may, however, anticipate further outbursts which may require reply on the spot. We believe that while avoiding provocative statements as far as possible we should be

prepared always to state the Canadian interest on the general peace settlement and our attitude to the Conference.

5. In the Balkan Economic Commission a discussion is taking place on a South African amendment providing (in the case of the Roumanian Treaty) that the Roumanian Government should pay fair prices for commodities delivered as reparations. This was prompted by United Kingdom which had previously sought our sponsorship. It concerns the prices to be paid by the Roumanian Government for products delivered to the Soviet Union as reparations. Opening speeches were concerned with prices paid for all products and both the South African and United Kingdom delegates referred to the difficulties of the foreign oil companies in Roumania. Fortunately, debate was lifted to higher level by brief but effective speech by United States delegates who said that the question was really as to whether reparations should be borne exclusively by Roumanian nationals or not. This speech has made it much easier for us to vote for the proposal when the debate is concluded.

6. In the Political and Territorial Commissions for Italy, Roumania and Hungary progress has been slower. In the Roumanian Commission, Canada supported the Australian proposal that Hungary should be given a hearing which was finally upheld by 8 votes to 4 with Soviet bloc opposition. In the Hungarian Commission on August 30th, we took the initiative in requesting that both Hungary and Roumania be given a hearing and this was supported unanimously by the Commission. This meeting of the 2 Commissions in accordance with our proposal was held August 31st to hear the Hungarian delegation. Canadian delegation expressed the view that while we had no direct interest in question with Hungarian-Roumanian frontier, we considered that both sides should have opportunity to state their case.

7. In the Commission on Finland, very rapid progress has been made. Minor changes have been agreed to in the Preamble and Articles 1, 2, 3, 4, 5, 7, 8, 9, 10 and 11 have already been adopted. The present discussion is related to Article 6 where the Australian Human Rights Amendment has been deferred. Indeed progress was so rapid in this Commission that the Australians found themselves unable to proceed yesterday because of lack of adequate preparation.

8. In the various political Commissions which have been meeting this past week one of the principal subjects of discussion has been the amendments proposed by the Australian delegation to the draft Treaties which have the object of ensuring the protection of human rights. My immediately following telegram† contains the texts of these amendments. In the case of the Italian Treaty, these amendments take the form of an addition to Articles 13 and 14 placing the responsibility on States to which territory has been transferred to ensure the protection of stated human rights and providing that such obligations shall be recognized as fundamental laws. An additional feature is the provision made in the Australian amendments for the establishment of a Court of Human Rights whose terms of reference are set forth in my immediately following telegram.

9. It is our feeling that the Australian amendments dealing with human rights are loosely drafted and unsatisfactory in their present form. It is also most improbable that they will have any practical effect. On the other hand, there may be a case for including something along these lines in the Treaties. It would, we believe, be difficult to vote against the principle contained in these amendments. Since the first of the Commissions concerned are likely to come to a final decision about them Monday or Tuesday, we may have to decide our attitude here. Our present view is to support principle of new paragraphs 4 and 5 (see my succeeding telegram). One real difficulty, which you will no doubt bear in mind, is the incompatibility of these texts with paragraph 7, Chapter 1 of Article 2 of the United Nations Charter. Your cabled views would be much appreciated.

10. The work of the Legal and Drafting Commission has not yet begun but should do so shortly. We have asked Secretariat to circularize all Commissions and delegates suggesting that as various sections of the Treaties are completed by the competent Commissions these should be passed to the Legal and Drafting Commission without waiting for the complete Treaties to come forward, although there would, of course, be a general review at the end.

62.

DEA/7-DF

*Extrait du procès-verbal d'une réunion de la délégation  
à la Conférence de paix de Paris*

*Extract from Minutes of a Meeting of the Delegation  
to the Paris Peace Conference*

Paris, September 6, 1946

Present:

Hon. Brooke Claxton (in the Chair)<sup>1</sup>  
 Hon. J. L. Ilsley  
 Major-General G. P. Vanier  
 Mr. L. D. Wilgress  
 Lieut-General M. Pope  
 Mr. C. S. A. Ritchie  
 Mr. C. Moodie  
 Mr. M. Ollivier  
 Mr. M. Cadieux  
 Mr. D. V. LePan  
 Mr. S. F. Rae

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#### 4. ECONOMIC COMMISSION FOR THE BALKANS AND FINLAND

The Commission had continued to consider the alternative drafts with regard to Article 24. Mr. Wilgress reported that the meeting was entirely

<sup>1</sup>Brooke Claxton est devenu le président de la délégation lorsque le Premier ministre est retourné au Canada à la fin du mois d'août.

<sup>1</sup>Brooke Claxton became Chairman of the delegation when the Prime Minister returned to Canada at the end of August.

devoted to consideration of the alternative Soviet and United States proposals on Paragraph 4 of Article 24 of the Roumanian Treaty concerning the compensation to be paid to United Nations nationals owning property which has been destroyed in Roumania. The discussion of these proposals will be continued at the meeting to-morrow.

The Soviet representative argued that the payment of reparations and the payment of compensation should be bracketed together and that the principles which had been followed in determining reparations to be paid by Roumania should also apply in determining the amount of compensation to be paid. The Soviet Union had agreed to abate its claims for reparations and to accept only a small part of the value which it might have properly claimed. He thought that other nations should do likewise in claiming compensation; it was for that reason that the Soviet Delegation proposed that United Nations nationals owning property which had been destroyed in Roumania should be compensated at only one-third of the value of the loss they had suffered. Speeches repeating this argument were also made by the representatives of Yugoslavia and Byelo-Russia.

At this point Mr. Wilgress intervened and, after referring to Canada's disinterestedness in this matter, made the following points:

(a) He felt sure that all countries represented on the Commission would wish to see the Soviet Union receive full satisfaction for its just reparation claims if that were possible. Unfortunately, it was not possible.

(b) An analogy had been drawn by the Soviet representative and by those who had supported him between the payment of reparations and the payment of compensation. This analogy was inexact and inadmissible. The essential difference was that the payment of reparations entailed the transfer of goods outside the boundaries of Roumania, while payment of compensation was a wholly internal transaction since compensation was to be paid to United Nations nationals in Lei. No one would claim that the payment of such compensation would not impose burdens on the Roumanian Government, but they were burdens which Roumania could bear since they did not involve a transfer of goods or funds abroad.

(c) If only partial satisfaction were given to United Nations nationals whose property had been damaged in Roumania, there would be inequity as between such nationals whose property had happened to be in the path of war and those whose property by accident had escaped. By Paragraph I of Article 24 Roumania was to undertake to restore all United Nations property which was still intact to its owners. They would, therefore, receive compensation in full whereas owners whose property had been damaged, according to the Soviet proposal, would only receive satisfaction up to a third of the value of the property.

This line of reasoning was supported by the United Kingdom but was attacked by the representative of the Ukraine who affected to ignore altogether the transfer problem.

63.

PCO/W-22-5

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France*  
*Secretary of State for External Affairs to Ambassador in France*

TELEGRAM 455

Ottawa, September 13, 1946

IMMEDIATE. SECRET. CADEL No. 41. Reference your telegram No. 492 (DELCA No. 61) of September 10<sup>†</sup> and previous communications on Czechoslovak-Hungarian relations.

1. Although circumstances have made it impossible for us to obtain ministerial consideration on short notice, the following is the Departmental view on this question.

2. We share in principle Field Marshal Smuts' objection to expulsion of populations and agree with the United States view that (a) the questions of Bratislava bridgehead and proposed population transfer should be settled together, preferably after consultation between the two Governments concerned, and (b) that forced transfer of Hungarian minority should be opposed unless the receiving country is agreeable and transfer is carried out gradually and under international supervision.

3. We should welcome agreement between countries concerned by which in return for reasonable expansion of Bratislava bridgehead Czechoslovakia would grant Hungary equivalent territory further east along communication frontier. Compromise along these lines should, we feel, be designed to decrease as far as possible the number of Hungarians involved if a population transfer were decided upon.

64.

PCO/W-22-5

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

TELEGRAM 521

Paris, September 17, 1946

SECRET. DELCA 73 Following from Claxton, Begins: At a Commonwealth meeting yesterday, discussion took place on Trieste Statute. It appeared from this as if the United Kingdom delegation did not have it in mind to make any answer to the speeches made on Saturday by Mr. Molotov for the Soviet Union and by Mr. Kardelj for Yugoslavia yesterday. It also appeared as if United Kingdom delegates had not sufficiently realized importance of trying to arrive at an arrangement with the United States to reconcile differences between their two drafts.

2. At the meeting, I said that speeches by representatives of the Soviet Union and the countries closely associated with it should not be allowed to go

unanswered in the hope that this might curtail debate and hasten the conclusion of the Conference. At another point, we referred to the desirability of trying to work out a common draft with the United States.

3. At this meeting, I did not feel that we could go further in the presence of officials who presumably had been responsible for the form of the British draft and the way in which it had been handled. Following the meeting, however, I telephoned Mr. Alexander to press the two points just mentioned. I said that the United Kingdom delegate had presented the United Kingdom draft on Saturday in a very quiet and objective manner. Mr. Molotov and Mr. Kardelj had made speeches of 68 and 69 minutes, respectively, (the longest at the Conference) in which they abused the British draft and used it as a means of attacking the whole British position. In comparing the position of the Council proposed under the British plan with the Council of West Indian Islands and in their other attacks, it seemed to me that they had made cases which would have a damaging effect on public opinion, not only in Communist countries, but also in others, possibly the United States. Mr. Alexander agreed with what I said and stated he would discuss with Mr. Bevin how the Soviet should be answered.

4. On the second point, I urged the necessity of trying to work out an acceptable arrangement with the United States, especially on the appointment and powers of the Council. I asked him to consider if it would not be possible to meet the Americans on this, as failure would lead to a division in the Conference and also in world opinion. Mr. Alexander said he appreciated this and that steps would be taken to see what could be done. He thanked me for taking these matters up with him.

5. I felt that this intervention was justified in view of our difficulty should there be a division between British and American stands on what may well become a crucial point in the whole Conference and, indeed, the whole settlement.

6. In this connection, I feel, and other members of our delegation agree, that the British delegation from Mr. Bevin down take far too little heed of the necessity of their securing continued American support, not only from the Government, but from American public opinion. Mr. Wallace's speech last week<sup>1</sup> was exceedingly unfortunate in giving a springboard to the Soviet bloc which they were quick to take advantage of, but I hope that it will bring home to the representatives of the United Kingdom the necessity above referred to of working closely with the United States and of handling themselves in a way which does everything possible to permit the people of the United States to support Government policy. One might wish, however, that United Kingdom spokesmen showed a greater appreciation of what their own position

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<sup>1</sup>Henry A. Wallace, secrétaire du Commerce des États-Unis, avait critiqué la politique étrangère des États-Unis lors d'un discours à New York le 12 septembre.

<sup>1</sup>Henry A. Wallace, Secretary of Commerce of the United States, had criticized United States foreign policy during a speech in New York on September 12.

really is and on what it depends, as well as more skillful presentation of the fundamental questions on which the success of this Conference and, still more, the peace of the world depends.

7. In our position, there is not much more we can do than to watch the situation carefully, keep as close touch as we can with the various parties and when the opportunity presents itself, as I thought it did yesterday, do what we can to bring home a point of view which, while partly realized by one side or the other, is not too frequently acted upon in the manner and at the time necessary to bring about that unity of understanding and action which is the cardinal point of our own position.

8. I hope you concur in the action taken and if other ways occur to you in which we may act along these lines, you will not hesitate to suggest them. Ends.

65.

W.L.M.K./Vol. 418

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

TELEGRAM 535

Paris, September 19, 1946

DELCA No. 78. Following is text of statement delivered by Canadian delegate, the Honourable Brooke Claxton, before Italian Political and Territorial Commission today during debate on Italo-Yugoslav boundary and Statute of Trieste, Begins:

I should like to state briefly the attitude of the Canadian delegation towards these difficult frontier problems which have occupied so much of the time and attention of the Conference. Although we in Canada are geographically distant from the territorial problems of Europe, we cannot subscribe to the view which has been suggested at this Conference that the geographical remoteness of the non-European States represented here weakens their claim to make their voices heard in the decisions which are now being taken. In a profound sense, Canada, like other non-European belligerents, is directly involved in the task of peace-making. Canada has in the last thirty years fought throughout the whole duration, from the very beginning to the very end, of two terrible wars, both of which had their origins in the European Continent. With this experience behind us we cannot fail to be deeply conscious that our future peace, like that of every State represented at this Conference, is involved in the decisions which we reach here. The Canadian delegation has desired to avoid taking up the time of the Conference unnecessarily and thus delaying our decisions, hence we have refrained from participation in debate except on those occasions when we considered that we might have a positive contribution to make. We have not been actuated in our policies by any

desire for material advantage. We have one interest and one only, the creation of a just and lasting peace in the areas of Europe affected by these treaties. We believe that only a peace which is founded on fairness and justice can prove lasting. For this reason the Canadian delegation have studied the frontier dispositions of the Peace Treaties with particular attention. We have sought to guide our decisions by principles of ethnic justice and economic practicability and at the same time to take account of the intangible human elements of history and national feeling. We have listened with sympathy to the eloquent speeches from the Yugoslav delegates on this Commission. The Yugoslav delegation are pleading for what they conceive to be the national interests of Yugoslavia, our very gallant ally, and the arguments which they have put forward have received most serious consideration, but we must try to keep steadily before us both the essential facts of the situation and the longterm results of the frontiers to be established. What then are these essential facts. The South African amendment proposes that there should be included in the Free Territory of Trieste a coastal strip of Istria lying to the south of the line recommended by the Council of Foreign Ministers as forming the boundary of the proposed Free Territory. The area in question is at present Italian territory. It must be recalled that what we are discussing at the present stage is how much Italian territory should be given to Yugoslavia and how much should be included in the Free Territory of Trieste. The report of the Commission of Experts set up by the Council of Foreign Ministers makes it clear that the area which the South African amendment proposes to add to the Free Territory of Trieste is inhabited by a population predominantly Italian. I quote from this report which bears the signature of the United Kingdom, United States, French and Soviet experts. In western and southern Istria the various ethnic elements are intermingled. The Italian element is located in the towns situated on or near the coast and also inhabits a considerable number of rural localities in western Istria. It constitutes the majority and in certain instances almost the whole population in many of the towns on or near the coast, while in certain towns in the interior of western and southern Istria it constitutes an important minority. The Croat and Slovene population dwells mainly in rural localities, which in a considerable number of places are situated around the towns inhabited by Italians. It will be recalled that the experts appointed by the Council of Foreign Ministers were requested to fix an ethnic line, leaving a minimum population under alien rule. The line now proposed by South Africa as the boundary of the Free Territory of Trieste is identical with the ethnic line proposed by the United Kingdom expert. It is worth noting that the line proposed by the American expert passed still further to the east and north, so that if the South African amendment had been based on the American line it would have included a still larger area of Istria in the Free Territory of Trieste. After weighing all the evidence, the Canadian delegation have come to the conclusion that the South African amendment constitutes the closest approach to a just solution of this difficult problem, and accordingly we intend to support it. We believe that it takes into account the essential fact of the

ethnic composition of the majority of the population. We realize that a perfect ethnic frontier is impossible, but to put these predominantly Italian populations under Yugoslavia would create another minority problem in Europe. It has been urged by the Yugoslav representatives that the adoption of the line proposed in the South African amendment or indeed of the line agreed upon by the Council of Foreign Ministers would have disastrous consequences from the economic point of view owing to the inevitable connection of these coastal towns with their Yugoslav hinterland. If the Yugoslav Government and the Government of the Free Territory of Trieste work together, as it is to be hoped they will, in a spirit of friendly co-operation in matters of economic policy, I fail to see why the frontier between them should create a barrier destructive of the prosperity of the population of the coastal area. The whole conception of the Free Territory of Trieste can only be made to work if there is a loyal acceptance by all parties concerned of the decisions of this Conference and a willingness to co-operate in making them effective. There is one further point, nothing this Conference can do will alter the fundamental fact that Yugoslavia and Italy are neighbouring countries. Their past, present and future are linked together by their geographical position and by their possession of a common frontier. We in Canada know how fortunate we are in having a frontier which acts not to divide two peoples but to link their common interests, yet it would be a false rendering of history to say that there have never been difficulties between Canada and the United States arising out of our common frontier. There have been frictions and real conflicts of interests over the past century. The significant point, however, is that to deal with such disputes the two countries have worked out orderly and judicial processes through the International Joint Commission. The International Joint Commission is a permanent judicial organization composed of three members named by the Canadian Government and three by the United States Government. Since its establishment in 1909 the International Joint Commission has dealt with a variety of problems involving the mutual relations and interests of Canadians and Americans along their common frontier. Our Prime Minister, Mr. King, has said the creation of the International Joint Commission was an act of faith in human intelligence and goodwill on the part of the peoples of Canada and the United States. It has become a silent witness to the wisdom of their decision over a century ago not to arm against each other and to the power of non-violence. To our two countries it is the guardian of the most precious heritage we hold in common. The Canadian delegation is fully aware of the fact that the procedures which have been evoked to deal with our own frontier problems can hardly be automatically applied in areas of post-war Europe which are still so near the immediate consequences of the last great conflict. Such procedures presuppose the establishment of normal economic relations and of an atmosphere of mutual confidence between the neighbouring States. We are convinced, however, that whatever the final frontier settlement that may be reached, a durable peace in this area can only be secured through the establishment of judicial procedures for the settlement of frontier difficulties as they arise. Ends.

66.

M.A.P./Vol. 2

*Extraits du journal du lieutenant-général Maurice A. Pope<sup>1</sup>*

*Extracts from Diary of Lieutenant-General Maurice A. Pope<sup>1</sup>*

...

*September 19*

At the Military Commission this morning we finished with the military clauses of the Italian Treaty. In the afternoon there was a meeting of the Sub-commission on Hungary, at which I read my little speech, which was as follows:

“The Canadian Delegation has carefully studied the Czechoslovak amendment to the draft Peace Treaty with Hungary (1.Q.3), as well as the documents relating thereto, in the matter of the proposed extension of the area of the Bratislava bridgehead. What is involved is a small frontier rectification. In our view great weight must be attached to the arguments advanced by Czechoslovakia. It seems clear, however, that the method by, and extent to which, this proposal could be translated into a decision of the Political and Territorial Commission on Hungary as a whole, depend on certain other considerations which must be taken into account.

It is recalled, for example, that at the 9th Meeting of the Commission on 9th September, the Spokesman for the United States Delegation stated that the elimination of the villages of Raika and Bezenye from the territory described in the amendment would, in their opinion, help to meet the economic and ethnic objections raised by the Hungarian Delegation and yet, at the same time, substantially achieve the expressed aims of the Czechoslovak Government. It is also recalled that at the 8th Meeting of the Commission on the 6th of September, the Czechoslovak representative said that the boundaries proposed had been drawn so as to coincide with the limits of existing property holdings and that his Delegation were quite prepared to leave the final delineation of the territory to experts. We should be glad to know if the Czechoslovak Delegation would be prepared to consider the possibility of limiting the scope of their amendment in the sense suggested by the United States Delegation.

Another consideration which has occurred to the Canadian Delegation derives from the fact that in his statement in support of the amendment the Czechoslovak delegate particularly stressed the economic reasons which had moved his Government to seek an extension of the Bratislava bridgehead. “A matter of town planning” was an expression used on that occasion. Consequently the proposal savours more of a territorial accommodation than of the satisfaction of a strategical requirement. In these circumstances it would seem reasonable to expect that the Czechoslovak Government might well be

<sup>1</sup> Voir aussi Pope, Maurice A., *Soldiers and Politicians: The Memoirs of Lt.-Gen. Maurice A. Pope C.B., M.C.* Toronto: University of Toronto Press, 1962, pp. 316-20.

<sup>1</sup> See also Pope, Maurice A., *Soldiers and Politicians: The Memoirs of Lt.-Gen. Maurice A. Pope C.B., M.C.* Toronto: University of Toronto Press, 1962, pp. 316-20.

prepared to grant the Hungarian Government a quid pro quo in the way of a transfer of an equal extent of territory to be found elsewhere along the common frontier between the two countries.

A still more serious consideration, however, has occurred to the Canadian Delegation, and this arises from the fact that the proposed amendment, if eventually adopted by the Commission, would bring several thousand Hungarian nationals, a proportion of whom are of the Magyar race, under Czechoslovak jurisdiction, and this at a time when the Commission is considering another Czechoslovak amendment (1.Q.5) which seeks an authorisation to transfer a maximum of 200,000 of its inhabitants of Magyar ethnic origin from its territory to that of Hungary.

We are aware that the Czechoslovak Delegation has so far taken the stand that it would be quite artificial to attempt to merge the substance of these two amendments. Nevertheless it seems clear that an amendment, the effect of which would be to bring Hungarian nationals of Magyar ethnic origin under Czechoslovakia, cannot be entirely unrelated to another proposal the object of which is to bring about the transfer of a very considerable number of Magyars from Czechoslovakia to Hungary.

We are all agreed that we are here trying to work out the detailed provisions of a treaty designed to bring about a durable peace. The difficulty, however, and it is no small one, is to agree as to the methods by which a real peace is to be achieved. While it is possible that after full examination somewhat drastic provisions may be written into the treaty, it is improbable that this will be done until such time as a majority of the delegates have been convinced that the measures proposed give good promise of being likely to achieve the object in view. Measures for transfers of territory and population imposed on a defeated nation are not likely to commend themselves to important sections of world opinion, unless it is established not only that these measures are justified but also that such transfers of population will be carried out as humanely as possible. It seems to us that their success must depend in part on their general acceptance. This would be much more certain in the present case if in some way the adherence of the Hungarian Government should be obtained.

In these reflections nothing could be farther from the minds of the Canadian Delegation than the thought that Hungary, a defeated nation, should be granted the status enjoyed by a victor nation. Since we feel, however, that without Hungarian acceptance the measures proposed might well fail to achieve the object in view, we should be glad of an expression of opinion from the Czechoslovak Delegation as to how this could be obtained."

Haydu threw it all back to me, after which I moved the adjournment. On my way home I called in at the Meurice where I saw Bonbright of the U.S. delegation and gave him a copy of my speech. He returned the compliment by giving me a copy of the speech Bedell Smith proposes to make tomorrow. It is cut on lines not dissimilar to my own, and tells the Czechs very plainly

that they had better take a less intransigent stand and make a deal with the Hungarians. Bonbright added that this morning they had got in touch with the Hungarians so as to soften them up a bit. He told me his argument but I am too tired now to remember what he said. I feel a bit on the spot but of one thing I am determined, and that is a Canadian representative is not going to become directly involved in the delimitation of boundaries in the centre of Europe.

*September 20*

The scrappiness of the items in this journal for the last four or five days is due to the fact that I simply did not have time to dictate a daily entry. Miss Dawson has been good enough to fill the gaps by recording the various memos or reports that I was able to make.

With regard to the statement I read in the Hungarian Commission yesterday, I should like to remind myself that my principal purpose in making this declaration was to ensure that we would not become embroiled in a frontier squabble in the heart of Central Europe. Such a development would, I am sure, be most embarrassing and I am certain would be entirely contrary to Mr. King's wishes. There was no way, however, of avoiding service on the Sub-commission but once on I have thought it quite legitimate and certainly to our own interest to avoid our becoming arbitrators even in a mild way in that distant part of the world.

Hungarian Commission this afternoon, at which Bedell Smith made his statement, copy of which Bonbright had given me yesterday. It had been elaborated a little over-night. Towards the close of the meeting Vyshinsky spoke at considerable length, supporting, quite successfully I thought though the translation was bad, the Czechoslovakian point of view. We adjourned at 8.15.

Military Commission this morning, (22nd meeting) which I reported as follows:

"This morning the Military Commission began its study of the military clauses of the draft Peace Treaty with Bulgaria, during the course of which it rejected subparagraphs (c) Naval Strength, and (d) Air Strength, of the Greek amendment 1.J.21 to Article 9. Canada supported the Greeks in respect of subparagraph (c), but voted against them in regard to subparagraph (d).

While I have all my life firmly believed in the wisdom of the Duke of Wellington's injunction "never explain", I should think that it would only be fair on my part for the benefit of the historians of the future to say that I supported the Greeks on subparagraph (c) because the provision in Article 9 grants the Bulgarian Navy a strength several times greater than that which they had in 1938, which to my mind is absurd. I voted against the Greeks in regard to the Air Force because they wished to impose further limitations on the Bulgarian Air Force of the future, namely, that they might not be allowed to renew aircraft of the limited number they are to possess within a period

of five years of their acquisition, and secondly that they might have only 140 flying personnel of the 5,200 personnel they are to have, which I also thought was absurd.”

*September 21*

Military Commission this morning. Report follows:

“At its 23rd meeting this morning, the Military Commission devoted itself to further consideration of the Greek amendment 1.J.21. The parts considered this morning had to do with the proposed demilitarization of the Greco-Bulgarian frontier. United Kingdom, United States and France supported this amendment in part, with the Soviet bloc very much against it.

As the discussion promised to be very lengthy the Chairman adjourned the meeting at 1.15 p.m. o'clock.”

*September 26*

. . .

. . . Back to Paris on the morning of the 25th, and a Hungarian Commission in the afternoon. This morning tried without success to see the Americans regarding our stand in the Sub-Commission this afternoon on the question of the Bridgehead and transfer of populations. I am rather puzzled as to just what we should do. I want to steer a course that is at least reasonable and at the same time avoid being deeply hooked in to these difficult questions of Central Europe. I believe that last week Mr. Byrnes observed that in his view this was no Peace Conference. It was, he said, merely a conference at which the representatives of the other Powers were being afforded an opportunity to make recommendations regarding the draft peace treaties to the Council of Foreign Ministers, who could take them or leave them as they pleased. If this is the position, which I believe it is, and not out of line with my ‘roast duck’ theory, then there is no reason to take things too seriously. It is of importance, however, (1) not to be made to look silly at any time, and (2) to avoid becoming too deeply involved in some of these tricky territorial and other problems in Central Europe.

Here is an extract from a letter which I wrote to Billy on the 21st, summing up my feelings with regard to the Conference proceedings up to that time:

“I would ask you to believe, however, that the pressure of work at this Conference has been very great and nearly every day is a case of going to work at about 9 in the morning and hardly having a moment to myself until well past a sensible man’s bedtime. And what makes matters worse is that our activities can hardly be rated higher than mere shadow-boxing, because the hard fact is that this is not a Peace Conference but rather one at which the lesser Powers are allowed to make recommendations to the

Council of Foreign Ministers, who will take them or leave them according to their own sweet taste and fancy. This is a hard-boiled but true statement of the situation and it is not exhilarating. I sit on two Commissions and a Sub-committee, and apart from the work of trying to keep abreast of what is going on, there are occasions when one finds one's self struggling like the Devil in holy water to avoid one's self, and what is of more importance one's country, becoming involved in matters in which we have no direct concern."

. . .

### *September 28*

Usual Military Commission this morning finishing up the greater part of the Bulgarian Treaty. This Commission had another meeting this afternoon, which Forget attended for me, as I was down for the Sub-commission for Hungary. This latter meeting was of some interest, though before dealing with it I should say we had a Commonwealth meeting at the George V at 2.30 which was quite fantastic. I went there with Mr. Claxton, Rae and Cadieux. As we entered the room I sensed a feeling of moral indignation and regret on the part of the British. Presiding was Mr. Alexander, supported by Jebb and Margoribanks. Apparently the feeling was that the little Dominions had been naughty in letting down the upright honourable and impeccable Old Country by not keeping the Bratislava Bridgehead question connected with the transfer of population. Claxton, who naturally enough is not familiar with all the details of the question, certainly had a good hold of the main idea and he lost no time in telling Mr. Alexander quite as bluntly as the situation called for that we had held the pass open for a full week, which had given the U.K. and the U.S. all the opportunity in the world to put pressure on the Czechoslovaks and the Hungarians to come together. If they had not done so that was entirely their fault. After the lapse of this week and more, we had been required to vote on the Bridgehead proposal, which we had done in a favourable sense and this in our belief that the Czechs had made out a convincing case for the need for a frontier rectification in this area. Old Alexander was frightfully stupid and brought in a religious question which, had Claxton not been there, would have brought forth a fairly sharp rejoinder from myself. On his part, Jebb was quite offensive in manner, while Margoribanks was ineffective.

They then turned on New Zealand, but McIntosh and Costello gave them back their full money's worth.

At the time I made up my mind to observe to them on the first occasion that presented itself that some of these Foreign Office people would benefit very much by a year's secondment to the Dominions Office, and before that a short course at some London school of deportment. These fellows are about thirty years behind the times.

We then proceeded to the Sub-commission, where we spent most of the afternoon revising Costello's report. Branov, the Chairman, began his high-

pressure methods once more, so for the fun of it, and also of course on principle, I took a pass or two at him and was amused to see how quickly he back-watered. The Czechs were very sporting and handsomely lived up to their undertaking to limit the size of the Bridgehead extension they desired, and it was a pleasure to help them draft the section defining the boundaries of the reduced area in question.

They then announced, I am confident according to plan, that the way was now clear for them to endeavour to establish contact with the Hungarians. It was quickly agreed that the Secretariat should convoke both Delegations to a meeting in the Luxembourg on Sunday afternoon in the presence of one member of the Sub-Commission. Haydu having told me that they wanted me for this purpose, I shadow-boxed for a few minutes trying to have it carried out in the presence of the whole Commission but they easily shot me down on that one. They also said that while I was to be there as an observer they would ask me to preside. This knocked my proposed visit to Chartres the following day to glory.

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67.

DEA/21-G

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

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

TELEGRAM 483

Ottawa, September 21, 1946

SECRET. Your telegram No. 528, DELCA 76, September 18th.† Italian Political and Territorial Commission, Statute for Trieste.

I am inclined to agree that little hope can be entertained of agreement being reached, in the Sub-Committee of the Commission, concerning the proposed powers for the governor of Trieste, and that compromise, if any, between interests of U.S.S.R. on one hand and the United Kingdom, the United States and France on the other, may only be reached in Council of Foreign Ministers.

It would seem desirable that before negotiations reach that stage common ground be found between positions of United Kingdom, United States and France, or, as a minimum, those of the United Kingdom and the United States, to the end that bargaining position of western powers be strengthened in Council of Foreign Ministers.

Without detailed knowledge of present United Kingdom and United States drafts of statute relative to the powers of the governor, it is difficult to assess their respective merits. However, in a general way it would appear that

Soviet criticism of wide powers for governor suggested by United Kingdom authorities, has been effective, and it would now seem advisable that the initiative in presenting the views of western powers be transferred to the delegate of the United States, and that, if possible, the U.K. draft be modified to more closely approximate United States proposals.

Although Canada is not represented on the sub-commission, a useful service might be performed off stage if the Canadian delegation were able to help reconcile views of U.S. and U.K. It is felt that United Kingdom authorities should, in the first instance, be prepared to modify their draft, and the Canadian delegation may see fit to make this suggestion in Commonwealth meetings. However, the basic contention of the United Kingdom authorities that national animosities and the unstable economy of the new territory will necessitate a high degree of control should be borne in mind, and it is suggested that the Canadian delegation take the line that the governor should be permitted to retain sufficient check and reserve powers to ensure continuity and stability of administration.

As regards the duration of the period of provisional government before the permanent statute comes into effect, it would be of interest to receive United Kingdom views. It seems probable that this question will also be capable of resolution only in the Council of Foreign Ministers, and that area of agreement can be found somewhere between Soviet proposal for early withdrawal of foreign troops and assumption of authority under the Permanent Statute, and tentative United States view that period of provisional government should last as long as five years. Negotiations on this point are certainly at too early a stage to suggest any compromise proposal and no initiative in this matter should be taken by Canadian delegation, pending clarification of views of United Kingdom and United States.

68.

DEA/4697-K-40

*Déclaration du président, la délégation à la Conférence de paix de Paris*

*Statement by Chairman, Delegation to the Paris Peace Conference*

September 23, 1946

POLITICAL AND TERRITORIAL COMMISSION FOR ITALY

STATEMENT BY THE HONOURABLE BROOKE CLAXTON, DELEGATE FOR CANADA,  
ON ARTICLE 17 OF THE DRAFT TREATY

I would like to indicate briefly the attitude of the Canadian Delegation to the question of the Italian colonies in Africa, Libya, Eritrea and Italian Somaliland.

The disposition of these colonies proposed by the Council of Foreign Ministers in Article 17 of the draft treaty is that these possessions are to continue under their present administration and their final disposal is to be determined by the Governments of the U.S.S.R., U.K., U.S.A. and France, within one year of the coming in force of the treaty. This provision was supplemented by the draft declaration which has just been circulated which indicates that the Four Powers will dispose of the matter "in the light of the wishes and the welfare of the inhabitants and the interest of peace and security, taking into consideration the views of other interested governments". Failing such disposition the Four Powers undertake to dispose of the colonies in accordance with a recommendation of the general assembly of the United Nations. In either event it is that the wishes of the inhabitants will be given consideration.

While this disposition is probably far from ideal, it seems to us to be the best solution on which we can hope to have agreement at this time. Accordingly, unless our present attitude is changed by arguments advanced in the course of this debate, we propose to vote for the proposal contained in the draft treaty, as this has been amplified in the draft declaration of the Four Powers which has been put before us.

To this general attitude there is one qualification however. And that is with regard to Eritrea.

The Canadian Delegation, like other members of the Conference, heard the appeal made yesterday by the representatives of Ethiopia before this Commission. That appeal was made in moderate terms but it was supported by facts which spoke for themselves with an eloquence far greater than that of words. Our Ethiopian colleagues made a powerful case for the immediate transfer of Eritrea to Ethiopia. That case was based on ethnic, historical, economic and strategic grounds. We cannot forget that Ethiopia was one of the first nations to suffer the full force of aggression in consequence of the failure of the system of collective action which had been established precisely to prevent such an occurrence, and that, consequently, Ethiopia should be one of the first to receive redress.

While perhaps it might be desirable at this stage not to bring the matter to a vote, the Canadian Delegation warmly supports the claims the Ethiopian Delegation has put forward. Irrespective, however, of any vote, we express the hope which, I believe, is shared by the majority of nations represented here, that the Four Powers will transfer Eritrea to Ethiopia and thus redress an old wrong and unite in one nation the people of a proud and ancient race. I felt it desirable that I should speak in this way as representing one of the more fortunate countries which has been saved so largely from the ravages of war and acknowledge the sufferings and the claims of a far off people; we recognize that as there must be one peace for all so there should be one justice for all, for men of every race, color and creed in every part of the world.

69.

DEA/4697-K-40

*Déclaration du délégué suppléant<sup>1</sup>, la délégation  
à la Conférence de paix de Paris*

*Statement by Alternate Delegate<sup>1</sup>, Delegation  
to the Paris Peace Conference*

Paris, September 28, 1946

SPEECH ON CANADIAN AMENDMENT TO ARTICLE 71 OF  
THE PEACE TREATY WITH ITALY

This is the only amendment to the Draft Peace Treaties proposed by the Canadian Delegation. I hope, therefore, the Commission<sup>2</sup> will understand if I utilize the full ten minutes allowed by the new Rules of Procedure.

The amendment proposed by the Canadian Delegation is a very simple one and provides merely for the extension from eighteen months to three years of the period during which Italy shall grant reciprocal most-favoured-nation treatment to the United Nations. If we examine the first paragraph of Article 71, we see that it provides for the reciprocal granting of most-favoured-nation treatment in commercial matters between Italy and the various United Nations pending the conclusion of commercial treaties or agreements between Italy and these countries. In other words, the purpose of this paragraph is to prevent discrimination by Italy and to discourage discrimination against Italy during the interim period before that country is able to conclude commercial treaties or agreements of her own with the various United Nations.

Now, in the opinion of the Canadian Delegation, eighteen months is too short a period to enable Italy to undertake the complicated negotiations for commercial treaties or agreements and to conclude successfully these treaties or agreements. Italy requires a breathing spell in which to place her commercial relations on a sound basis. One of the chief problems which will be confronting that country will be to find the foreign currency with which she can purchase the food and raw materials essential to the Italian economy. It is important that Italy should be protected against discrimination by any of the United Nations in seeking to develop markets for her products. This is vital to the reconstruction and future well-being of the Italian economy.

If we assume that the Treaty with Italy will come into force during the middle of 1947, the interim period, as now envisaged in the first paragraph of Article 71, would extend only up to the end of 1948. In the opinion of the Canadian Delegation, it is hardly feasible for the Italian Government to negotiate within that time a series of commercial treaties or agreements providing the necessary protection for Italian commerce. We also do not think that the various international organisations which have been established for regulating monetary and commercial relations between countries will be

<sup>1</sup> L. D. Wilgress.

<sup>2</sup> La Commission économique.

<sup>2</sup> Economic Commission.

functioning effectively by the end of 1948. A further period of another eighteen months is desirable in order that the interim period should bear a proper and realistic relationship to the inevitable post-war adjustment in international trade.

The Italian economy will require more than eighteen months to recover from the effects of the war. It will be very difficult for Italy to decide on her commercial policy, on the products of which she wishes most actively to promote the sale abroad, and on the various other considerations which have to be taken into account when concluding commercial treaties or agreements with other countries.

In the Treaty of Versailles, Germany was required unilaterally to grant most-favoured-nation treatment to the other signatories of the Treaty for a period of five years. This worked a hardship on Germany in that she was unable to develop an independent commercial foreign policy during the five years the requirement was in force. But that is not the case with the proposal we are now considering, because Article 71 provides that Italy shall grant most-favoured-nation treatment only to those of the United Nations which, in fact, *reciprocally* grant similar treatment in like matters to Italy. She will be able to pursue an independent commercial policy based on the reciprocal exchange of most-favoured-nation treatment while she is negotiating and concluding commercial treaties or agreements. All we are asking through our amendment is that this interim period should be sufficiently long for this purpose and we are suggesting not five years, as was the case in the Treaty of Versailles, but merely three years.

While an extension of the interim period will work in favour of Italy, it will also be to the advantage of the United Nations as a whole, rather than to the advantage of any one of the United Nations in particular, if during the interim period all countries are assured of non-discrimination in their commercial relations with Italy. Consequently, in urging the extension of the interim period from eighteen months to three years I am not advocating the special interests of Canada or of any of the other countries represented at this Conference. It is for this reason that I hope all of the members of this Commission, including the countries which drafted the Peace Treaty with Italy, will be able to support the amendment proposed by the Canadian Delegation.

This amendment is in full keeping with the undertakings to which most of us have subscribed. I have shown that the object of the first paragraph of Article 71 is to have Italy adhere to the principle of most-favoured-nation treatment in international commercial relations. The object of our amendment is simply to facilitate Italy to adhere [*sic*] to the principle in giving her plenty of time to conclude commercial treaties or agreements based on this principle.

It is too much to hope that the post-war adjustments of international trade to the new conditions prevailing can be accomplished speedily. It would be optimistic to think that world trade would be functioning smoothly on the

new basis two years from now. We must allow ample time for these adjustments to take place. It is, therefore, not too much to expect Italy to require three years rather than eighteen months after the conclusion of the Peace Treaty, to be in a position to join the family of the United Nations with an independent commercial policy of her own.

In agreeing to Article 71 of the Draft Peace Treaty with Italy, the Council of Foreign Ministers have endeavoured to assure that Italy will adhere to the principles enunciated in the Atlantic Charter and to the measures which have subsequently been taken to give practical effect to these principles. It is essential, however, that we should give Italy every encouragement of participating [*sic*] in this joint effort for the economic advancement of the whole world by making sure that the period in which she can adjust her policy to the new conditions will not be too brief. The Canadian Delegation are of the view that the period set forth in the First Paragraph of Article 71 is too brief. This may have been due to over-optimism on the part of those who drafted the Treaty as to the period required for the post-war adjustments of world trade. I wish to express, therefore, the hope that the four major Powers who drafted the Article have now been able to reconsider the matter and that they will support the amendment proposed by the Canadian Delegation. I also hope that all the other members of this Commission will agree to the extension of the period for the granting of reciprocal most-favoured-nation treatment between Italy and the United Nations and that this amendment will receive the unanimous endorsement of the Commission.

70.

PCO/W-22-5

*L'ambassadeur en France au secrétaire d'État aux Affaires extérieures*

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

TELEGRAM 572

Paris, September 29, 1946

SECRET. DELCA 90. Your telegram No. 455 CADEL 41 concerning the Bratislava bridgehead and transfer of population.

1. Yesterday afternoon at meeting of Sub-Committee of Political and Territorial Commission on Hungary, the principle of an extension in favour of Czechoslovakia on the bridgehead area on the south bank of the Danube was accepted by four votes against the Australian abstention. It was agreed, furthermore, that the area would include three out of the five villages demanded. Rabka and Bezenye which include roughly half of the Magyar population in the area originally demanded are left to Hungary.

2. Our intention at first was to insist on the linking up of the problem of the bridgehead with the wider question of the proposed transfer of 200,000 Magyars as both involve transfers of population. This proved to be impossible to effect as three members of the Sub-Committee of five (New Zealand,

Czechoslovakia and Ukraine) were opposed to this point of view. Therefore, Bratislava bridgehead had to be examined as a separate matter and on its merits.

3. In view of this attitude of the majority of the members of the Sub-Committee, we stated that we were not opposed in principle to an extension of the bridgehead area provided a quid pro quo was granted Hungary and satisfactory arrangements were made to protect the interests of the Magyar population to be ceded to Czechoslovakia. The Czechoslovak delegate was adamant as regards compensation and pointed out the case of the Franco-Italian border where rectifications had been made without compensation. We felt that we could not press this point. Besides, satisfactory guarantees were given concerning population. The number of people involved, in any case, is not high and the cession is authorized on the clear undertaking that they will:

- (a) Be granted full human rights within the Czechoslovak public, or
- (b) Be transferred voluntarily to Hungary, or
- (c) Come under the terms of any arrangements existing or which may be made between the Governments of Czechoslovakia and Hungary. This is clearly spelled out in the recommendation.

4. On its merits, the Czechoslovak case was very strong. The territory ceded would enable the Czechoslovak Government to carry out their plan for an extensive development of the port of Bratislava on both sides of the Danube and provide space for the extension of the city of Bratislava. We were quite convinced that the Czechoslovak Government were not seeking to dominate more Magyars or grab Hungarian villages.

5. United Kingdom, United States of America desire was to link up the two problems in order to give more bargaining power to Hungary as they hoped that a bilateral arrangement concerning the bridgehead and the transfer would be worked out by the two countries. More than a week went by (and during five meetings of the Sub-Committee we were able to postpone a decision) and the United Kingdom and United States of America had been unable to bring about this arrangement. We came to the conclusion that we could not oppose the Czechs as regards the bridgehead any longer merely to cover up what appears to us lack of initiative or failure on the part of the United Kingdom and United States of America delegations in their negotiations with Czechoslovakia and Hungary. We are confident that, in view of the terms of the recommendation made by the Sub-Committee concerning the bridgehead, if and when the Czech and Hungarian delegations come together, it will be open to them to discuss the matter of the transfer as a whole and to suggest an agreed solution which will be acceptable to all concerned.

6. The problem of transfer was discussed at a special Commonwealth meeting yesterday afternoon. It came out quite clearly that while our position together with that of Australia and of the United Kingdom were identical,

New Zealand was prepared to support the proposed Czechoslovak amendment. Mr. Alexander appealed very strongly for unity but the head of the New Zealand delegation was away and he could only obtain a promise that new instructions would be sought. As it is expected that at best India and France may abstain, Czechoslovakia may obtain a favourable vote in the Commission on Hungary. To avoid this possibility the United Kingdom delegates are considering putting forward a modified amendment reducing the number of Magyars to be transferred and providing for international supervision. The United Kingdom delegate in the Commission on Hungary is yet confident that a satisfactory bilateral arrangement can be worked out in the short time remaining before the end of the Conference. He feels that a sub-amendment along the lines indicated above may be the least unsatisfactory solution for the time being.

7. At the close of yesterday's meeting of the Sub-Committee, at the suggestion of the New Zealand delegate, the Czech delegation agreed to meet this afternoon the Hungarian delegation in the presence of a member of the Sub-Commission who will act as an arbitrator. General Pope was invited by the Czechoslovak delegate to attend the meeting as the representative of the Sub-Commission. This is the most hopeful sign as yet of the possibility of an agreed solution concerning the transfer.

71.

PCO/W-22-5

*L'ambassadeur en France au secrétaire d'État aux Affaires extérieures*

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

TELEGRAM 574

Paris, September 30, 1946

CONFIDENTIAL. DELCA 92. Following for Prime Minister from Claxton, Begins: In proposing a toast to the Vaniers yesterday, I read your telegram† which was greatly appreciated and expressed regrets we all had that you were not there to convey to Pauline and George our congratulations and good wishes. I referred to the main elements in their lives, the home, the family, the church and their country.

2. The two of the most difficult matters at the Conference are the Czechoslovak claims against Hungary for the transfer of the Bratislava bridgehead and of some 200,000 Magyars to Hungary. We could not avoid being appointed to Sub-Commission dealing with this, and General Pope has represented us on the Sub-Commission. Our position has been difficult and you will be pleased to hear that on Saturday the Czechoslovaks agreed to a meeting with the Hungarians and suggested that Pope act as Chairman of the meeting. A first meeting was held yesterday and while it may not be possible to get the Czechoslovaks and Hungarians together, the fact that the Czechoslovaks should suggest Pope after our attitude indicates their appreciation of our fairness.

3. You will also be pleased to hear that the only Canadian amendment proposed, which was to extend from eighteen months to three years the period during which Italy and the United Nations were to give each other most favoured nation treatment, was carried after Wilgress speech Saturday night by a vote of twelve to eight, Council of Foreign Ministers voting against because this was an agreed Article. This represents one of the largest votes yet obtained on a contested amendment to an agreed Article and is very gratifying.

4. The outlook now is that the Conference should end about 15th October. It has been a strenuous time and my present hope is to be able to take a few days holiday here before returning by boat. It has been wonderful to have Helen here.

5. You will be interested to hear that people are still talking about your trips to Normandy and Dieppe. Only last week the Secretary of the Puy's Committee called to ask our help in arranging a gala fête to be held next February. He has a record of your whole speech at Puy's and is going to bring it to us. Ends.

72.

DEA/4697-K-40

*Déclaration du président, la délégation à la Conférence de paix de Paris*  
*Statement by Chairman, Delegation to the Paris Peace Conference*

STATEMENT BY THE HONOURABLE BROOKE CLAXTON DELIVERED BEFORE  
THE PLENARY CONFERENCE ON TUESDAY, 8TH OCTOBER, 1946

Mr. President, Fellow Delegates,

We who have been meeting here are the representatives of the twenty-one nations whose combined efforts won the victory which gave us the right to say what the peace shall be. We had a unity of purpose in war. Our problem is to maintain that same unity in peace. We in Canada believe that we have shown that unity in war and peace. Many of our people, twice in a single generation, have come a long way to help restore freedom. Many of them came to France. Many of them will rest forever in France.

Et cette Conférence a eu lieu en France, nation pour laquelle nous Canadiens nourrissons des sentiments particuliers depuis plus de trois siècles.

Je rends hommage à ce pays qui, par sa farouche résistance, a aidé puissamment les autres armées alliées à bouter l'ennemi hors de France.

Je voudrais également exprimer ma profonde reconnaissance pour la généreuse hospitalité et les facilités accordées aux délégués par les autorités françaises.

While Canada has an interest in all the peace settlements, our main concern has been in the Italian Treaty. Canada was actively concerned in the defeat of Fascist and Nazi forces in Italy, when our armed forces were the

third largest in the long and bitter struggle up the whole length of Italy. Through our contributions to U.N.R.R.A. and to military relief, we have sought to start Italy on the path to economic reconstruction and recovery. As members of an interdependent world society, we hope to see the rise of a new democratic Italy—purged of totalitarian practices and policies—who will take her place in the comity of European nations. Only in this way can Italy undo the harm that Fascist aggression has caused to her neighbours and our allies.

What has been accomplished in these arduous weeks? The provisions that have been made for the protection of human rights—of those rights of racial and religious minorities which were trampled upon during the dark days of Fascism—recognize an essential principle to which we all adhere.

The territorial clauses of the settlement with Italy were the subject of particularly careful and thorough consideration. The most difficult of these problems was that of the frontier between Italy and Yugoslavia and between Yugoslavia and the Free Territory of Trieste. The compromise for which the large majority of the Commission eventually voted followed the lines laid down by the Council of Foreign Ministers. The Canadian Delegation supported the creation of the Free Territory of Trieste in the hope that it will possess genuine independence under the authority of the United Nations. This hope, however, is based upon the belief that in the last resort, Yugoslavia, which was in the forefront in the war against the axis forces, will find it possible to play a leading role in supporting a pacific and progressive solution of this most difficult aspect of the Italian settlement.

The approval given by the Commission to the settlement between Austria and Italy of the difficult problem of the minority in the Tyrol should contribute to stability in this area. The transfer of the Dodecanese Islands was a symbolic recognition of the basic resistance of Greece.

On the settlement of the Italian colonies, we feel that the disposition provided for in Article 17 of the Draft Treaty is the best solution possible at this time. We hope that the Council of Foreign Ministers will support the powerful case put forward by Ethiopia for the transfer of Eritrea to Ethiopia, the first victim of Italian aggression. This would be not only a good solution on ethnic, historical and economic grounds, but also an act of historic justice.

On the economic side, our aim throughout was to give Italy the opportunity of recovering from the disastrous effects of the war years and to make it possible for her to ensure her place in the world economy of which we are all a part. At the same time, we have not been unmindful of the legitimate claims of those countries which suffered so much at the hands of Italian Fascism and Imperialism. We are glad to support that part of the Australian proposals which provided for the setting up of a reparations commission to co-ordinate and supervise deliveries of reparations by Italy. We made no reparations claims and our interest in the reparations problem was to see that consideration was given to the interest of all the parties.

Since Italy's economic life depends on the recovery of Italian export trade with as many foreign markets as possible, we were prompted to move the Amendment to Article 71 of the Italian Treaty, which was given such generous support in the Commission.

We believe that peace is not merely the absence of war but the positive establishment of prosperity. Trade between nations, like the well-being of the people within each nation, is a main pillar on which to build the structure of a lasting peace.

The purpose of the Canadian Amendment is simply to increase from eighteen months to three years the period during which the United Nations and Italy should grant each other most-favoured-nation treatment. If it is good to avoid discrimination for eighteen months, we believe that it is still better to extend the period to three years. We hope that the Conference will support and the Council will accept this Canadian proposal.

While we have been working on the settlement in Paris, world opinion has been following our proceeding with an anxious and often a critical eye. The view has even been expressed that the Conference was merely a rubber-stamp for decisions already taken by the Council of Foreign Ministers. This critical attitude was in part due to the feeling that the peace for which all of us had been fighting and working for six long years was slow in coming. It was in part due to a misunderstanding of the nature of the Conference.

It cannot be too often said that this is not a Conference to draft peace treaties; it is a Conference called by the members of the Council of Foreign Ministers to consider treaties which they had prepared. They started their work nearly a year ago. On many questions their most vital interests were involved. They have asked the other seventeen nations, who fought at their side to win the war, to work at their side to make the peace.

We have been meeting here for ten weeks and no one can say that the time has been too long for the task in hand. We all recall one of the memorable nights, that of October 2nd, when no less than 57 separate votes were taken in the Italian Political and Territorial Commission, and the work was concluded in consequence of the sleepless labours of the Commission under the remarkable leadership of its chairman.

The draft peace treaty was born of negotiation or compromise between the Great Powers. It has been our part to make recommendations to the Council of Foreign Ministers. This procedure has given the middle and smaller powers an opportunity to express and debate their views on the terms of the draft treaties. It has given the ex-enemy countries the opportunity to be heard in the full Conference and the Commissions.

Of these Commissions, the Italian Commissions, including twenty of the twenty-one nations represented here, have been the most important. They have also been the forum where issues have been most fully debated. A great many useful things have been learnt about the procedure of making peace and these can be of value in the future.

We hope the experience gained at this Conference will not be wasted. For example every delegate here knows of one deficiency or another in the rules of procedure. These rules should be examined and amplified in the light of our experience. Suggestions might be made with regard to the machinery for preparing the drafts of the other peace treaties which have still to be evolved. We hope that before this Conference concludes, or soon after, nations wishing to do so should be encouraged to put forward suggestions for the procedure to be adopted in making the peace with Germany and Japan.

Of immediate concern, however, are the accomplishments of this Conference. Their full extent is probably not realized throughout the world.

In the course of the first plenary session of this Conference, over two hundred amendments were put forward by the participating nations. Many more have since been introduced in the Commissions. Compromise and concession, moderation and tolerance have again been called for. Yet while many of the amendments have been modified, withdrawn or even rejected, the Conference has accomplished something positive and concrete.

In the Commissions on the Italian treaty no less than forty-three amendments or amplifications have been adopted, of which seventeen touched upon political articles, twenty-three on economic articles and three on military articles. Many of the articles in the draft treaty and certain of the amendments have been unanimously agreed to. Twenty-four of these amendments have been supported by a two-thirds majority. Others have been approved by more than half the members of the Conference.

Although under its restricted terms of reference the Legal and Drafting Commission has been charged up to now with the examination of all or parts of only 31 articles, etc. of the draft treaty with Italy, it has recommended drafting changes in no less than 13 cases, 11 of them unanimously.

The question now arises: What is to be the effect of the work done by the hundreds of experienced and devoted people who have been striving for peace here in Paris during these past weeks? The measure of the success or failure of the Paris Conference is the extent to which the Council of Foreign Ministers acts upon the recommendations of the Conference. The Paris Conference has nearly finished its task. We shall soon be voting on the recommendations that have come to us from the Commissions. Our hope is that the views which the Commissions have worked out after weeks of effort will be accepted by the Conference as a whole and that they will be acted upon by the Council of Foreign Ministers.

Our Prime Minister suggested at the outset that the Council should meet during the Conference to facilitate and expedite its work, and it is gratifying to see that that has been done.

We must not forget that none of these recommendations represent everything that any nation would have liked to see in the Peace Treaty. Though most of them were voted by a two-thirds majority, they already represent an effort to meet conflicting views. Moreover the Council of Foreign Ministers

will have before them the minority point of view. The Council of Foreign Ministers who have been working so long together, will see the need for a settlement which will close the curtain on the long years of war and start the people of the world on the path to peace.

This Conference has shown that far more important than the words we put on paper are the relations between those states on which power has imposed such grave responsibilities. The peace and prosperity of people everywhere depend on the ability of the Great Powers to translate into agreement the cries of the two billion people of every race and every colour and in every corner of the earth who desperately want an end to war and an end to the uncertainty which leads to war. They want work, food, shelter and a better chance for their children. They want a first instalment of that better world for which we hoped and worked and fought and which it is in our power to have.

73.

B.C./Vol. 90

*Le président, la délégation à la Conférence de paix de Paris, à la secrétaire du ministre de la Santé nationale et du Bien-être social*

*Chairman, Delegation to the Paris Peace Conference, to Secretary to Minister of National Health and Welfare*

Paris, October 18, 1946

Dear Maudie [Ferguson],

I have a terrific docket of letters from you to answer and a corresponding burden on my conscience. Also your esteemed sister from the Wild West was good enough to write. I understand Helen has been really doing wonders in writing you.

It has been marvelous having Helen here, making the whole difference in getting by with a life that was barely tolerable. I really never remember anything quite so exhausting and in many ways frustrating. We have had a very good Delegation which has pulled well together and worked hard, though modestly. I think it has added to the respect in which our country is held. After the closing of the Conference Tuesday night we had a party for all the staff: it was surprising to find that altogether we had been at one time or another 53 people on the Delegation. I have been here now since the 29th July. The Conference lasted 79 days and it had nearly 300 official sessions averaging about four hours each and at the end lasting as long as 30 hours of continuous meeting in one of the Commissions. It has all resulted in our making 179 recommendations to the Council of Foreign Ministers for changes in the Treaties. If they are adopted they will improve the Treaties. Many of the most important points, however, are still open. I imagine that it will be possible for the Council of Foreign Ministers to work out agreements of [*sic*] these during their meetings in New York.

Actually, when you get down to it, there is not an awful lot that anyone would like to see changed in the Draft Treaties. The Trieste frontier, the Military provisions and the reparations allowance might have been more favourable to Italy and improvements might be made in the provisions for the Danube and for the Italian colonies. When all is said, however, given the circumstances including the necessity for arriving at an agreement with the Soviet Union in order to bring the state of war and chaos to an end, the Treaties are not too bad, particularly if the recommendations we have made are adopted.

What has stung here is the atmosphere and the real division which has overshadowed the Conference. Someone described it as a "Sad Success". This is about true. The sad fact is that there is no one on our side having the capacity and the moral leadership to force or persuade the Slav block to take a less aggressive attitude. This means that there has been a hardening of the situation on the lines of difference. This has proceeded steadily since the end of the war in Europe. Nobody seems to have the capacity to stop it getting worse.

It may be that the issues are fundamental and intolerable, but I do not think so. I am still naïve enough to think that a great part of the difficulty is due to the language and to the fault of modern diplomacy. I was the President of the Legal and Drafting Commission which did not do very much or do it very well. One of the reasons was the Secretariat. In sixteen long sessions, handling hundreds of documents, we never had a Russian text until days after the matter had been decided. This was worse in our Commission because we got all our material from other Commissions, and consequently there was no time within which to do anything, still less the difficult task of translation from English or French to Russian. Looking back now I think I really should have resigned rather than work in such conditions.

. . .

Yours sincerely,

BROOKE CLAXTON

74.

CH/Vol. 2118

*Extrait de dépêche du président, la délégation à la Conférence de paix de Paris, au secrétaire d'État par intérim aux Affaires extérieures*

*Extract of Despatch from Chairman, Delegation to the Paris Peace Conference, to Acting Secretary of State for External Affairs*

DESPATCH DELCA 72

Paris, November 6, 1946

Dear Sir,

. . .

COMMONWEALTH MEETINGS

51. You will already have received a number of cabled summaries and detailed minutes concerning the frequent informal consultations held by the

Commonwealth delegations in Paris in the course of the Conference. The first of these meetings was held on the initiative of the United Kingdom delegation on August 21st while the Prime Minister was still in Paris. Their number increased with the heightened tempo of the Conference. The chief purpose of these meetings was to keep the various delegations advised [as] to the amendments being put forward and to exchange views on the range of detailed questions arising. In this way, too, the Commonwealth delegations were able to keep in closer touch with the work of the Council of Foreign Ministers and their Deputies and to obtain a first hand account of the attitude of the inviting powers to amendments in which each country was particularly interested. It is unnecessary to do more here than record one or two general observations. In the first place it is clear from an analysis of the actual votes cast that the Commonwealth countries voted together as frequently as did the members of the Soviet bloc. Deductions from this fact, however, might be misleading, since in fact similar results could be obtained by comparing the degree of similarity in the final voting of a number of other non-Slav states, e.g. The Netherlands, Greece and Belgium. The explanation is that the Commonwealth countries were, towards the end of the Conference, part of a much larger group of states which voted together on most clauses of the draft treaties. But in the earlier stages, there were apparent differences on a score of points, most of which were fully submerged in the common endeavour to secure a two-thirds majority on the important "open" issues. Differences of view were frequently due to the failure on the part of the United Kingdom representatives (or other delegations) to explain policies fully in advance, which others might have been willing to support. In view of Mr. Vyshinsky's charges that the Australians were merely a front for the United Kingdom delegation, it is of interest to note that the first the United Kingdom delegation saw of the 70 odd Australian amendments which became such a source of embarrassment to them was in the official Conference document prepared by the Secretariat. This same lack of team-work was seen in reverse in the filing of the United Kingdom claim regarding reparations from Italy which was done without previous word to the other Commonwealth countries, some of whom were equally interested. With the Chairman of the Italian Political Commission and the Legal and Drafting Commissions both present at these informal discussions, it was possible to discuss procedural points at some length in these meetings. When the Australian delegation was being bitterly attacked in all the Commissions by the U.S.S.R., Mr. Beasley of Australia asked that efforts should be made by the United Kingdom and certain other Commonwealth countries (he had a special word of praise for Canada's help) to ensure the Australian delegates a fair hearing in the Commissions.

52. Instances of pressure were, on the whole, rare. The United Kingdom delegation kept an anxious eye on the sub-committee on the Bratislava Bridgehead set up on September 9th, and in particular sought to curb the New Zealand delegate, Mr. Costello, who was pursuing an exclusively pro-Czech policy in this Commission which, in the view of the United Kingdom

(and the United States delegation), was highly dangerous. To bring the New Zealand delegate into line, the Acting Head of the United Kingdom delegation, Mr. A. V. Alexander, considered it necessary to appeal direct to the Prime Minister of New Zealand over the head of the Delegation at Paris. In this effort he was successful in bringing about a sudden reversal of the attitude of the New Zealand delegate in the sub-commission, although he was strongly criticized privately for his action by Mr. McIntosh. It also seemed to the Canadian delegation that there were occasions when the United Kingdom delegation did not see the importance of maintaining a close unity of view with the United States. An example of this was given in the discussions in mid-September concerning the Trieste statute when the Canadian delegation intervened behind the scenes to press for a reconciliation of the differences between the United Kingdom and the United States drafts on this subject. (See our telegram Delca No. 73 of September 17th) †.

53. Whenever he was present, Mr. Bevin had an electric effect on the whole of the United Kingdom delegation, and indeed, gave us all the impression of a sage and experienced negotiator in whom reliance could be placed. His absences from these sessions, however, were frequent, and at such times he was sorely missed. Mr. Alexander seemed to be guided entirely by his permanent officials, and occasionally appeared to be visibly surprised that other members of the Commonwealth should hold different views on certain issues than those held by the United Kingdom. At one time, he rather gave himself away by referring to a statement which the United Kingdom delegate was proposing to make in connection with the Declaration on the future of the Italian colonies, and enquiring whether there would be any objection to this statement being made by the United Kingdom spokesman on behalf of the other Commonwealth countries. The answers were categorical, and the subject was dropped amidst the raising of eyebrows in the Dominions Office corner. A further example of heavy handedness was at the last meeting which was held on October 8th on the eve of the Plenary voting when Mr. Alexander said it might be desirable to review the voting in the Commissions in order to obtain "Commonwealth unanimity" in the Plenary Conference. Of the other leaders, Field Marshal Smuts was the outstanding personality after the departure of Dr. Evatt. His position was less that of a national leader than of an elder statesman who was frequently more active in the policies of Empire than any of the United Kingdom representatives. The Australian delegation was much weakened with Dr. Evatt's departure to fight the elections, and after the first excitement caused by their spate of amendments had died down, Mr. Beasley and his colleagues seemed to be defending causes in which they had lost heart, or perhaps had never really accepted. New Zealand's ablest representative was Mr. McIntosh who did his best under difficult circumstances to bolster the two senior delegates, Mr. Mason and Mr. Jordan. The Indian delegates spoke seldom on these occasions, and reflected the tensions of the new Indian Government in their cautious approach to the problems discussed at the Commonwealth sessions and in the Conference as a whole.

## FINAL PLENARY SESSIONS

\* \* \*

The Canadian delegation was successful in obtaining a 12-8 vote on the agreed Article 71 of the Italian Treaty in favour of extending the period of most-favoured-nation treatment for 18 months as provided in the draft treaty to 3 years. Largely owing to the fight of the United States delegation the Conference recommended by a two-thirds majority the re-establishment of an international control of the Danube. The great weakness of this recommendation, however, is that it was bitterly opposed by those states most directly interested.

60. Indeed the weakness of nearly all the recommendations is that they were carried only in the face of determined and sustained opposition from the solid core of states which constituted the Slav bloc. By way of protest against the Conference decision on the Italo-Yugoslav frontier and Trieste, the Yugoslav delegation which had fought a bitter rear-guard action throughout the Conference and refused to accept the Conference decision, was not present at the last session. The majority decisions of the Conference had not changed their views in any degree, and their voluntary absence on October 15th was a mute challenge to the validity of the procedures of the Conference. While it is possible, therefore, that the recommendations regarding reparations and compensation will be adopted by the Council of Foreign Ministers, the rigid opposition of Yugoslavia, backed by the Soviet Union, to the proposals regarding the internationalization of Trieste makes their fate more problematical.

61. In a final speech made before the Plenary Conference (October 8th) the Canadian delegate suggested that the measure of the success or failure of the Paris Conference would be the extent to which the Council of Foreign Ministers acted upon the recommendations of the Conference. Since the Council of Foreign Ministers must reach agreement on the basis of unanimity, there is no likelihood that the recommendations of the Conference will be accepted without a further period of negotiation and compromise. The initiative remains in the hands of the Council of Foreign Ministers, and the final stage in the conclusion of the five treaties will depend essentially on the relations between the drafting powers.

62. This report would be incomplete without a reference to the work of the Canadian delegation. The delegation's role at this Conference was a modest but constructive one. The delegation moved few amendments to the draft treaties, partly because the issues involved in concluding final treaties with the secondary ex-enemy states were of more indirect concern to Canada than to many of the other participant states, and partly because of our appreciation of the limited scope of the Conference itself. Like most non-European states, therefore, Canada did not play an active part in the detailed discussions on aspects of the European frontier settlement. General views, however, were stated on the principles on which the settlement should be based. Reference has already been made to the Prime Minister's first Plenary speech. On

August 17th, the Canadian delegate intervened in the debate in the Plenary session to support Austria's claim to be heard on the question of the Austro-Italian frontier, pointing out that Austria was one of the first victims of Nazi aggression, and that the Conference had the obligation to ensure interested states a fair hearing. Similar considerations operated in our interventions in the Hungarian Commission on August 30th in favour of extending a hearing to the Hungarian delegation, and subsequently in the Hungarian Sub-Commission which dealt with the difficult questions of the Bratislava bridgehead and the transfer of the Magyar minority from Slovakia. The fact that General Pope was called upon by the Czechoslovak delegation and by the members of the Sub-Commission to act as Chairman of the joint meeting held by the Czechoslovak and Hungarian delegations on September 29th is, I believe, both a tribute to General Pope's personal qualities, and a recognition of the disinterested and impartial attitude the delegation maintained throughout on these difficult questions of European frontiers. This attitude was further set forth before the Italian Political Commission in connection with the debate on the Italo-Yugoslav boundary on September 18th, at which time the Canadian delegate, after setting forth the particular reasons for supporting the South African amendment, stressed that only if a genuine effort were made to implement the eventual decision of the Conference and to settle current difficulties by judicial procedures, could there be any lasting peace and prosperity in Europe. The chief Canadian interest was in the economic aspects of the treaties, and particularly the Italian Treaty. Mr. L. D. Wilgress and his assistants followed closely the intricate discussions in the two Economic Commissions and made a number of interventions in the Commission stage in support of proposals consistent with Canada's interest in multilateral trade and world prosperity. Apart from specific contributions in the public sessions, the delegation worked quietly but persistently in the background to reduce unnecessary divisions and to gain support for those general policies which seemed best calculated to improve the draft treaties.

I have etc.

BROOKE CLAXTON

75.

DEA/7-CA-17

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] December 20, 1946

You will have seen from recent Dominions Office telegrams† that the Council of Foreign Ministers has now decided upon a procedure for the early stages of the German settlement. The salient points seem to be the following:

(1) "Special Deputies" will meet in London on January 14th to hear the views of the smaller States on the German settlement;

(2) These Deputies will also discuss further procedure with regard to the preparation of a peace treaty;

(3) They will not, according to the terms of reference, hear the views of the smaller States on procedure; neither will they proceed to draft a treaty;

(4) The Control Council for Germany will prepare a report, which will be presented directly to the Council of Foreign Ministers at the next meeting;

(5) The Foreign Ministers will meet in Moscow in March. They will have before them the report of the Special Deputies on procedure and on views of smaller powers, and the Report of the Control Council. They will then proceed to draft a treaty.

These arrangements give us even less opportunity to participate in the early stages of the German settlement than we had in the case of Italy, and we shall have to take an early decision whether or not we shall press for some form of association in the peace making more in keeping with Canada's contribution to the war. It appears to me that there are three possible courses of action:

(1) We can accept the suggestion that we present our views to the Special Deputies in London on January 14th;<sup>1</sup>

(2) We can refuse to appear before the Special Deputies as we did when we were asked to present our views to the Foreign Ministers themselves on Italy. This is rather more difficult in the case of Germany since our interest in the German settlement is considerably greater;

(3) We can endeavour to have the terms of reference of the Special Deputies interpreted with some flexibility so that the Special Deputies will be able not only to "hear our views" but to discuss the settlement with us.

It would be useful also if they could discuss procedural questions with representatives of the smaller Powers. In this way it might be possible to iron out in private at the official level some of the procedural quarrels that will otherwise arise in public at a later stage. It might be possible also to suggest the association on a functional basis of representatives of smaller States in the actual drafting of the treaties. For example, Canada might have little concern in the sections of the treaty on eastern boundaries but would desire to discuss with the Foreign Ministers at an early stage the economic clauses or the clauses on central government.

It is my view that we should try the third course. It seems to me that some empirical and constructive approach to the question of our association in the drafting of the treaty, rather than a mere acceptance or rejection of the present proposals would have advantage.<sup>2</sup>

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:  
No. St. L[AURENT]

<sup>2</sup> Note marginale:

<sup>2</sup> Marginal note:  
Yes. St. L[AURENT]

If you approve of this course of action, we could telegraph to the High Commissioner in London and the Ambassador in Washington at once, asking them to put these views before the United Kingdom and United States Governments respectively. If this approach produces only negative results, I think we should then refuse to appear before the Special Deputies.

A draft treaty with Austria will be prepared by the Special Deputies when they meet in London. I take it that our policy in regard to this treaty will be governed by developments in regard to our association in the German treaty.

L. B. PEARSON

76.

DEA/7-CA-17

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

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

TELEGRAM EX-3209

Ottawa, December 23, 1946

TOP SECRET. We have been considering decisions taken by Council of Foreign Ministers concerning peace treaties with Germany as communicated in Dominions Office telegrams D. 1144, 1145, 1146 and 1147 of December 9th,† and D. 1164, 1165, and 1166 of December 13th.† These telegrams contained, amongst other things, statement of methods by which views of other countries which participated in war against Germany should be heard.

2. These arrangements give us even less opportunity to participate in the early stages of the German settlement than we had in the case of Italy. It seems to us, however, that some empirical and constructive approach to the question would be preferable to a mere refusal, on principle, to present our views to the Special Deputies in London. We have decided, therefore, to seek some form of association in preparation of treaties more in keeping with Canada's contribution to the war.

3. We would hope, therefore, that the terms of reference to the Special Deputies might be interpreted with some flexibility so that the Special Deputies will be able not only to hear our views but to discuss the settlement with us.

4. We think also that it would be useful if the Special Deputies would discuss with us, and representatives of other countries to be heard, not only the settlement with Germany but also the questions of procedure included in their terms of reference as shown in telegram D. 1165 of December 13th. In this way it might be possible to iron out in private at the official level some of the procedural difficulties that will otherwise arise in public at a later stage.

5. We would suggest, further, the association on a functional basis of representatives of smaller States in the actual drafting of the treaties. In this way

Canada might be enabled to discuss with the Foreign Ministers at an early stage clauses of the treaty with Germany which are of particular interest to us such as the economic clauses or the clauses on central government. On the other hand we should not particularly desire an opportunity to be associated in the drafting of clauses on such questions as the Eastern boundaries of Germany.

6. I would be grateful if you would present these views to the United States Government at your earliest convenience with the request that they consider whether or not Canada might be associated with the work of the Special Deputies along the lines suggested. In discussing question with United States authorities you may add, if you think it expedient to do so, that while we have no objection in principle to appearing before Special Deputies in London, we shall not be prepared to do so if we are not given the opportunity to join with them in the discussion of the problems involved. In other words, we shall not be prepared merely to appear, to present our views, and to withdraw.

7. The Canadian High Commissioner in London is being requested to make similar representations to the United Kingdom Government.

## PARTIE 2/PART 2

### ALLEMAGNE / GERMANY

#### SECTION A

##### OCCUPATION ET CONTRÔLE

##### OCCUPATION AND CONTROL

77.

DEA/7-CA-2

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 1

London, January 3, 1946

TOP SECRET. Following from the Prime Minister for the Prime Minister, Begins:

1. I have seen your telegram No. 265 in which is recorded the decision of the Canadian Government to withdraw the Canadian Army occupation force and the R.C.A.F. units engaged on occupational duties from Germany between April and the autumn of 1946.

2. I fully appreciate the reasons underlying this decision and am well aware how great will be the administrative problems resulting from your retention of forces in Europe after 1946.

3. At the same time, I would earnestly request you to reconsider this decision. The withdrawal of the Canadian forces will inevitably result in the retention of an extra number of forces from the United Kingdom. Full credit for the help we can expect to obtain from our minor Allies has already been allowed for in our planning.

4. I know that heavy demands are being made on you to demobilize, at the earliest date, every possible man from the Canadian forces. You will, I am sure, appreciate the demands that are being made on me for similar action in order to meet our tremendous task of reconstruction.

5. Your decision will also mean that we shall still have a number of men serving in Germany who will have as much as five years service when Canada will have withdrawn her last man from overseas.

6. It would seem hard that this country should be expected to bear the whole burden of occupational duties in Europe. This would, in effect, be on behalf of all of us in the British Commonwealth who have fought together in the war and are seeking in the same spirit of partnership to play our part in restoring Europe and the world in general. If I may state frankly, for your consideration, the programme which seems to us to meet our needs, it would be that you keep a Canadian division and elements of the Royal Canadian Air Force in Europe at least until after the spring of 1947. If you were then to withdraw your division in a phased six month programme, say one brigade in March 1947, the second in June 1947 and the third in September 1947, we should find the hardship caused by its withdrawal much less onerous than during 1946. Similarly, we would like to see at least two of the R.C.A.F. fighter squadrons remaining with us until March 1947.

7. I realize that this is very different from what you yourself have in mind and that it must present considerable difficulties for you, but I know that I can express my thoughts to you with complete intimacy and that you will reply in the same spirit. We are all in an extremely difficult situation and I am confident that you will do your best to help. Malcolm MacDonald has seen this telegram in draft and will be in a position to discuss the matter with you, if you wish, on his return in the middle of this week. Ends.

78.

DEA/7-CA-2

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 9

Ottawa, January 14, 1946

TOP SECRET. Following from Prime Minister for the Prime Minister, Begins: I have given careful consideration to your message No. 1 of January 3rd and we have reviewed our position in the light of your representations.

I think I fully appreciate your difficulties and would be glad were we in a position to lessen them. I feel, however, I should let you know at once that we shall not be able to modify the decisions about the withdrawal of the Canadian occupation forces communicated to you in my telegram No. 265 of December 8th. These decisions were reached by the full Cabinet after a close review of the problems involved in maintaining a Canadian force in Germany after March 31st next. I have explained, at some length, to your High Commissioner the considerations which have determined our policy in this matter. In our view they allow no alternative to the carrying out of the programme of which you have been advised, namely, that beginning in April next the Canadian Army occupation force should be progressively reduced on a schedule providing for its withdrawal with the object of completing movements from the Continent before the end of this summer, and of repatriating all Canadian Army personnel now overseas by the autumn of 1946. Ends.

79.

DEA/7-CA-2

*Le premier ministre de Grande-Bretagne au Premier ministre*  
*Prime Minister of Great Britain to Prime Minister*

TOP SECRET

London, January [n.d.] 1946

I saw Mr. St. Laurent and his ministerial colleagues on the 22nd January. We had a full and frank talk about occupational forces.<sup>1</sup>

I am sending you a note† of our discussion by air mail. I am also sending you by the same bag a memorandum† which gives our estimate of the Naval, Army and Air Forces which we shall have to keep up in order to meet our present commitments. In addition, on the suggestion of Mr. St. Laurent, I am taking steps to find out what forces the Americans expect to have on occupational duties in Germany, Austria and Japan on the 30th June, 1946 and I will telegraph the information as soon as I have it.

I am sure that, when you have all the facts in front of you, you will realise that the withdrawal of the Canadian contribution in Europe would not only throw an undue burden on the United Kingdom but would also be inconsistent with the common purpose of the United Nations, who are pledged to the provision of security for the purpose of maintaining peace.

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<sup>1</sup> Voir le document 789.

<sup>1</sup> See Document 789.

80.

DEA/8376-N-40

*Le sous-secrétaire d'État aux Affaires extérieures au chef, la mission militaire auprès de la Commission alliée de contrôle en Allemagne*

*Under-Secretary of State for External Affairs to Head, Military Mission to the Allied Control Commission, Germany*

CONFIDENTIAL

Ottawa, January 29, 1946

Dear General Pope,

It is our custom to write to the Chief of a Mission proceeding to a new post an informal letter, outlining some of the matters with which he will be especially concerned, and suggesting certain topics on which the Department is particularly interested to have reports. Of course, we realize that in the case of Germany there are many unknown factors which are bound to govern the functions of your Mission and, therefore, we have not tried to define the scope of your activities precisely.

We have thought it desirable, however, to draw up a set of preliminary instructions for the guidance of your Mission, which follow in this letter. You should feel free to add your own comments and suggestions and refer any further matters to the attention of the Department for supplementary instructions.

In a general way I think you will find Berlin a good observation post, not only for German affairs themselves, but also for the policies of the occupying Powers. It is no exaggeration to say that the German problem is central to the peace and prosperity of Europe as a whole.

Moreover, you will find in Berlin the meeting of Soviet and western influences in Europe, and the interplay of these forces, I need hardly say, far transcends their direct relation to the German problem. We shall look forward to receiving your reports with great interest.

We have tried in Section 3 below to outline Canadian interests in Germany. Our general interest in the pacification and reconstruction of Europe is obvious. So also are our interests in protecting Canadian nationals and their property in Germany. There is also a considerable Canadian interest in the German economic field. It is clear that, at least for a period of some years, German imports will be limited to certain essentials approved by the occupying Powers, and a first charge will be made against German exports for the payment of these approved imports. Canadian exports to Germany, therefore, will of necessity be very small and will probably be limited to supplies negotiated by one or other of the occupying Powers. However, the restrictions placed on German industrial production as the result of Allied policy will doubtless create opportunities for Canadian exports in replacement of German trade abroad. This is a development that should be watched, and I am hoping to have your Mission given adequate assistance in the economic field, through the appointment of suitable personnel.

Below, under various heads, are set out some of the information and suggestions regarding the functions of your Mission which I hope will be of help to you in the work of your Mission.

### I. STATUS OF MISSION

The Governments of the United Kingdom, United States and the Soviet Union negotiated an agreement in the European Advisory Commission (with which France was later associated) with regard to the organization of the Allied control machinery in Germany in the period during which Germany will be carrying out the basic requirements of unconditional surrender.

Under the terms of this agreement "supreme authority in Germany" is exercised, "on instructions from their respective Governments, by the Commander-in-Chief of the armed forces of the United Kingdom, United States of America, the Union of Soviet Socialist Republics" (and of France) "each in his own zone of occupation, and also jointly, in matters affecting Germany as a whole, in their capacity as members of the supreme organ of control" which was constituted under the terms of this agreement. This "supreme organ of control" is the Allied Control Council.

Provision was made under the terms of this agreement for the association of certain other Governments with the Allied Control Council by the inclusion of Article 8 which states that "the necessary consultation with the Governments of the United Nations chiefly interested will be ensured by the appointment by such Governments of Military Missions (which may include civilian members) to the Control Council having access through the appropriate channels to the organs of control".

### II. ESTABLISHMENT OF THE CANADIAN MILITARY MISSION IN GERMANY

Authority for establishing the Canadian Mission was given by Order-in-Council P.C. 8500 of October 12th, 1945, whereby "the Minister of National Defence, with the co-operation of the Secretary of State for External Affairs, is to organize a military mission with authority 'to protect and maintain Canadian interests in military and civil matters within Germany and to do such other things as may be referred to it by the Minister of National Defence or the Secretary of State for External Affairs in military and civil matters respectively'."

### III. CANADIAN INTERESTS IN GERMANY

In connection with these terms of reference of the Mission, Canadian interests in Germany include the following:

(1) Canada, in common with other Allied countries, has a major interest in the pacification and recovery of Europe, in relation to which the German settlement is of supreme importance;

(2) The Canadian Government desires direct access to information on conditions inside Germany and with regard to Allied Policy in Germany which will be of value in formulating Canadian policy;

(3) Canadian economic interests, and particularly Canadian export trade should engage the attention of the Mission. The effect of the decline or elimination of German industries on world trade as a result of industrial disarmament imposed on Germany by the Allies needs to be borne in mind in relation to possible Canadian trade expansion;

(4) The Canadian Government desires direct access to information available in Germany relating to German interests in Canada;

(5) Canadian nationals either resident or temporarily located in Germany may require protection or assistance;

(6) Canadian property interests in Germany may require protection;

(7) As long as Canadian occupation forces remain in Germany, certain duties in connection therewith may devolve upon the Mission as may be indicated from time to time by the Minister of National Defence;

(8) The furtherance of other direct Canadian interests relating to the peace settlement with Germany will be indicated from time to time by the Secretary of State for External Affairs, such as the settlement of claims for losses inflicted on Canadians by the enemy, including reparations, punishment of war crimes committed against Canadians, etc.

#### IV. FUNCTIONS OF CANADIAN MILITARY MISSION

In relation to the interests defined in general terms under paragraph 3, the functions which the Canadian Military Mission will be expected to perform include the following:

##### A. REPORTING

(1) *Political.* It is important that the Canadian Government should be kept informed regarding the policies formulated in the Control Council, conditions within Germany, and questions relating to the European settlement generally. Political information of special interest includes the following:

- the general policies of the occupying Powers, collectively or individually;
- the German reactions to the policies of the occupying Powers;
- the rise of political parties in Germany;
- the development of centrifugal and centripetal political forces in Germany, including the establishment of a centralized German administration and tendencies in the opposite direction of local autonomy or separation;
- German frontier problems;
- the study of German public opinion.

##### (2) *Economic and Social Conditions*

- Prospects of Canadian trade and commerce;
- The German food situation;
- German industrial organization including cartels;
- German trade union movement;
- German currency and financial problems and foreign exchange position;

Social conditions, educational problems and de-Nazification;  
Position of churches and religion.

(3) *Military*

Periodical reports on military matters considered to be of interest to the Minister of National Defence.

B. PROTECTION OF CANADIAN INTERESTS

(1) *Canadian Nationals*

One of the principal functions of the Canadian Military Mission will be the protection of Canadian nationals in Germany. This will include handling of applications from Canadians desiring repatriation to Canada or other assistance. Such applications include certain persons who were born in Germany, who later came to Canada where they secured naturalization, and who returned to Germany before the war. As certain of these applications involve persons who were not interned and who served the German war effort, full information should be obtained before such cases are referred to this Department for consideration. At present these cases are handled by Foreign Office representatives in the United Kingdom, United States and French zones of occupation. There are no Foreign Office representatives in the Soviet zone of occupation. The Mission should report to the Department when it is in a position to take over this work from the Foreign Office representatives and should also give as full an account as possible of the procedure being followed in the handling of such cases.

(2) *Enquiries received from the Department of External Affairs with regard to relatives in Germany of Germans in Canada*

At present such enquiries are referred to the Foreign Office representatives in the United Kingdom, United States or French zones of occupation but only if the person about whom the enquiry is being made is a British subject. The Mission should report on what it is able to do regarding such enquiries and recommend the rules that might be followed with a view to having a public statement issued in Canada covering not only personal enquiries of this nature but also the possibility of persons in Canada sending money or parcels to relatives and friends in Germany.

(3) *Property of Canadian Nationals*

At the present time the Department of External Affairs is receiving many claims from residents in Canada covering property losses in Europe. These claims may be divided into three categories:

- (a) claims for reparations against Germany resulting from war damage;
- (b) claims for restitution of specific identifiable property;
- (c) claims for damage against Allied countries.

In the cases of claims for reparations against Germany the claimant is instructed to file his claim with the Canadian Custodian. These claims, as far as the Mission is concerned, will be handled by the Custodian's representative,

acting on advice from the Custodian (see Section (4) below—Investigation of Custodian Interests). In the second and third cases an affidavit in quadruplicate is required and should be forwarded to the Under-Secretary of State for External Affairs containing the following information:

- (i) the full name and change of name, if any, of the claimant;
- (ii) the former and present nationality of the claimant including the place, number and date of issue of his naturalization certificate, if any;
- (iii) a detailed description of the property, its value and a description of the claimant's title thereto;
- (iv) detailed circumstances of the claim;
- (v) the names of any persons connected with the transfer of the property if such transfer was unauthorized by the legitimate owner;
- (vi) any further information which would facilitate the discovery of the property or the determination of the claimant's right.

#### (4) *Investigation of Custodian Interests*

(i) The Custodian's representative will handle the investigation of claims for reparations against Germany resulting from war damage. Information will be supplied to him by the Custodian and he will be instructed on the action he is to take on individual cases.

(ii) The Custodian's representative will also be responsible for the following:

- (a) the investigation of all German interests and investments in Canada where evidence is available either in Germany or other European countries.
- (b) the investigation of all matters relating to Canadian securities physically situated in Germany both with respect to securities owned by enemies and securities plundered by the enemy from formerly occupied territories.
- (c) at least in the preliminary stages, if Canada accepts the proposed reparations agreement, attending at the sessions of the Committee of Experts in matters of enemy property Custodianship in Brussels.

#### C. MILITARY AND OTHER ACTIVITIES OF THE MISSION

Other activities of the Mission will include military liaison with the Canadian forces of occupation, military liaison with other military missions to the Allied Control Council and such other military functions as may be referred to the Mission by the Minister of National Defence.

#### V. COMMUNICATIONS

According to the terms of the Order in Council P.C. 8500 of October 12th the normal channel of communication will be "between the Ministry of National Defence and the Military Mission in military matters, and between the Secretary of State for External Affairs and the Military Mission in civil matters generally, and between the Secretary of State of Canada and the Military Mission in special matters relating to the Office of the Custodian of Enemy Property".

It is therefore the intention of the Canadian Government that the Head of the Mission will report to the Secretary of State for External Affairs on civil matters, to the Minister of National Defence on military matters, and that the Custodian's representative will report to the Secretary of State on questions relating to the work of the Custodian's office. Communications of interest or concern to other Departments should be addressed to the Secretary of State for External Affairs for transmission to the other departments concerned.

Communications between Ottawa and Berlin will have to pass through London and appropriate arrangements should be made with the United Kingdom authorities in conjunction with the office of the High Commissioner in London for cable and diplomatic bag facilities. In connection with the transport of correspondence by diplomatic bag, it should be noted that communications not of an urgent nature should be marked for onward transmission from London by sea transport in view of the high cost of trans-Atlantic air mail at the present time.

In addition to the matters set out above, I hope that you will feel inclined to keep us informed of your general impression of life and conditions in Germany. Several of the Chiefs of Canadian Missions find it convenient to write informal descriptive letters to supplement formal despatches, especially when they relate to material which is perhaps difficult to incorporate in a more formal communication.

On our part, we shall endeavour to send you information which will be of use to your Mission. In particular any memoranda prepared in the Department which relate to the problem of the German peace settlement will be sent to you.

Finally, I should like to wish you well in your pioneer and difficult task of establishing the Canadian Military Mission in Germany. I know that you will have serious material problems to contend with for some little time and you will not find the Department lacking in sympathy and understanding of your problems.

Yours sincerely,

N. A. ROBERTSON

81.

DEA/8376-N-40

*Le chef, la mission militaire auprès de la Commission alliée de contrôle en Allemagne, au sous-secrétaire d'État associé aux Affaires extérieures*

*Head, Military Mission to the Allied Control Commission, Germany, to Associate Under-Secretary of State for External Affairs*

[Berlin,] May 24, 1946

Dear Mr. Wrong,

I beg to refer to your letter of the 14th May,† with which was enclosed a memorandum† dealing with the issues raised by the French proposals to separate the Ruhr and the Rhineland from the rest of Germany, and as well

the British counter-proposals thereto, with regard to which you have asked me to comment. I venture to comply, though at the outset I should like to observe that although in its broad lines the subject is one which is uppermost in the minds of those of us who are serving in Germany, the solution of this difficult problem is being sought elsewhere, and that in Berlin up-to-date information seems difficult to come by.

2. So far as my observation goes, my acquaintances in the several Missions here do not seem to be particularly well posted on the present position. In any event they express such divergent views that I am under the impression that they but reflect personal opinions or else the views popularly held in their respective countries. As regards the representatives of the Occupying Powers, there is but one group to which I can have recourse with any hope of success, but here again the results are usually meagre. Caution and reserve are undoubtedly excellent virtues in themselves, but to an inquirer it sometimes seems that they can be over-done. I often find myself wishing that I could once more tap the fruitful sources with which I formerly had contact in Washington. But to my muttons.

3. In the first place, and at this stage I propose to confine my remarks to points of detail, I would suggest that nothing short of crass ineptitude on the part of the Western Powers could possibly bring about a rise of Communism to the west of the Elbe. During the past 12 months the Soviet has over-played its hand. We are all familiar with the age-old dread in which the French have held the Germans. I suggest that this feeling was, and is, mild compared to the dread and horror in which the Germans hold the Russians. I have yet to discuss any question with a German, be it the future of his country or the prospect for this season's harvest, or even the price of eggs, that the question of Russia has not come up. The German has Russia on the brain and I have no doubt, with very good reason. When I first came to Berlin I was very conscious that I was defenceless from the east. This feeling has now passed for when one is living in a concentration camp one fence more or less makes little difference. But believe me, it is different with the German. Rapine and rape make bad missionaries. And if one looks farther afield than Prussia, it seems to me that the recent elections in Bavaria, in France, Belgium and Holland indicate that world opinion, our world at any rate, is swinging away from the extreme left.

4. I wonder if in the last analysis the statement that there would be little hope for the success of any solution of the western European problem unless it received the long-term support of the United States is fundamentally true. That at first sight it does so appear, I readily agree. That United States support would be invaluable is a proposition which of course commands assent. But does this desideratum fall within the limits of practical politics? As to this I have some doubt. Walter Lippman's idea of an Atlantic Community made a strong appeal to my mind a year or so ago. I have long since given up hope that it can be achieved. Rather do I incline to the view I held in Washington at the time of Dumbarton Oaks, and later in Ottawa before we went

to San Francisco, that we should not set our sights too high but rather than to aim at universality which I feel is beyond our reach, we should set ourselves the more moderate and I think reasonable objective of regional arrangements. One step at a time is to my mind the only way by which real progress can be made. To attempt too much at once I fear leads only to disillusionment and worse. It has done so within our lifetime.

5. Nor can I bring myself to believe that our American friends can really be of practical help in the solution of Europe's political troubles. I shall not labour the point here as I expressed myself pretty fully on this subject in my Despatch No. 38 of 23rd of March.† I shall content myself by saying that twice in the last 30 years, and on each occasion very much against their will, the United States in their own interest intervened in a European war to the end that the United Kingdom might be sustained. I think it would equally be to their interest to do so again should we be afflicted with another.

6. Another thought that occurs to me is that the Anglo-Saxon mind is too prone to give undue weight to what the reaction of the German people might be to one or the other of the several courses of action that lie before us. It was British solicitude for Germany at Versailles which, as I believe, eventually brought us to the very edge of disaster in 1939. If carried too far it may do so once again for it provides the ardent German nationalist with an effective weapon to play upon our feelings and to whittle away whatever plan of control we may decide to impose. Moreover it seems to me to be another case of judging foreigners by the same standards we use to judge ourselves, than which, in the case of the Germans, there could be no greater error. All that we have lived through and read surely points to the great, I might almost allow myself to say the vital, necessity of making up our minds as to what we want to do and then of doing it with lasting determination. Hitler was able successfully to rail against the dictate of Versailles simply because he had good reason to feel that one or more of the chief architects of the peace of 1919 did not really have their hearts and minds in their work. Must we fall into the same error once more before we finally learn that considerations which mean much to us are without effect on minds so different to our own?

7. And lastly, as regards separate points of detail, let us not confuse our minds by the thought that anything we may do might tend to divide Europe into two camps. I submit in all earnestness that Europe *is* divided into two camps and that undue solicitude on our part can have no effect other than to accentuate the present line of cleavage. East of the line of the Elbe to the Adriatic, Europe is governed or at least dominated by men of a civilization, or barbarism if you will, entirely different to our own. When they were desperately trying to stave off defeat far inside their own frontiers they found time to make up their minds as to what they wanted and at the opportune moment they carried out their plan. Having done this they are taking advantage of the confusion in our ranks to spread their influence still farther afield. I have already argued that it would be folly on our part to allow them to do so, indeed I have suggested that they are unlikely to succeed, but the fact is

that our indecision a year after the cessation of hostilities affords them an undeserved opportunity of making the attempt.

8. In business, I believe, boards of directors are frequently confronted with the necessity of coldly appreciating their financial position and when it is adverse, of cutting their losses and making a fresh start. I suggest that in the business of international politics the situation is often much the same. If milk has been spilt, why spilt it has been and there's an end of it, or should be. What is of importance is to save what may be left.

9. Again, those of us who have served our lives in the Army were taught as young men that no advance could be made except from a secure base. I suggest this truism holds good in other fields. If as I have recommended, and am recommending, that we adopt a firm and unequivocal attitude I do so only in respect of where we have, or can, establish a secure footing. Of little avail to try to force our views in respect of truly representative government in Rumania, for Rumania to the Western Allies is a very slippery slope. There we are bound to fail and I suggest we should have known in advance that in that part of the world we should only find discomfiture.

10. On the other hand, in Western Europe we are home. West of the Elbe the cards are all in our own hands and we should have the gumption to play them. Firmness and decision when the setting and time are opportune are of great virtue. The situation is favourable and the timing not too late so therefore let us by all that is reasonable be firm and decisive.

11. Holding these views, which I do with all the earnestness at my command, I find myself more than well disposed to favour the general idea, but not the detail, of the French proposals for Western Europe. I therefore find myself in full support of the second alternative which your memorandum informs me is being considered by the United Kingdom Government. By all means remove, not in perpetuity for nothing in this world is final so, therefore, for as long as the will of our peoples to do so endures, the Ruhr from German control and place it under direction of the Western Allies. By all means hand over the management of German heavy industry in that area to a socialized German corporation responsible to the Government of a German Province which of course would be under (Western) Allied Control. Not only would this action be essential from our point of view but it would be the best possible objective for the German people. It would not only do away with the Krupps, Thyssens and others of that kidney, but it would satisfy the aspirations of the Social Democrats whose advancement it is so much in our interest to ensure.

12. By all means eagerly let us embrace the idea of a Western bloc. It is our only security against Soviet expansion in this field. It may not be enough, but a little is better than nothing, which is what we at present have. Stalin has made himself as secure in the East as it was possible for him to do. Why in the name of reason should we not do the same in the West? That he might not like it I think we can safely disregard. Pusillanimity has

never gained lasting moral or material gain. Our office of propaganda would be singularly inept if it was not able to convince the greater part of the world that our policy was designed solely to further the interest of security.

13. As to points of detail I am not competent to deal. All I know is that the Ruhr was formerly part of two provinces—Rhine and Westphalia. Let us now include it in Rhine Province for it is farther to the West. What its relationship to the Central Government would be, frankly I don't know. What I do know is that there is no central government in Germany and that so far as I can see there is unlikely to be one for some considerable time. For the time being a central government can be had only on Soviet terms and this we cannot have. I would first establish the new province under the British Commander-in-Chief. Thereafter I should invite the collaboration of the other two Western Occupying Powers with provision for the later inclusion of Belgium and Holland. There would be no customs barrier between the enlarged Rhine Province and the rest of Germany which chose to deal with it, though of course the nature of its production and its disposition would be for us to decide.

14. There is a danger that this control could be whittled away as the years pass by, but that is really to say that the will of the Western democracies to take the only means open to them to ensure their safety may weaken. This may well come about but I cannot see any means of holding our people firmly to the purpose they had during the war other than to formulate and firmly to adopt the not unreasonable policy I have endeavoured to propound.

15. I am sending a copy of this letter to Mr. Robertson in London.

Yours sincerely,

MAURICE POPE

## SECTION B

### RÉPARATIONS / REPARATIONS

82.

DEA/9442-40

*Mémoire de l'adjoint-exécutif<sup>1</sup>, le bureau du séquestre des biens ennemis*

*Memorandum by Executive Assistant<sup>1</sup>, Office of the Custodian  
of Enemy Property*

[Ottawa,] January 11, 1946

#### MEMORANDUM RE PARIS CONFERENCE ON REPARATIONS

A copy of the proposed final Act<sup>†</sup> has been made available to the members of the Committee together with a copy of the report of the Canadian Delegation and a special memorandum<sup>†</sup> dealing with the complex problem of the transferring of percentages from one category to the other.

<sup>1</sup> Colonel G. W. McPherson.

This memorandum is designed to bring to the attention of the Committee the particular points on which the Canadian Delegation had instructions, the manner in which they endeavoured to carry out those instructions and the Delegation's interpretation of the application of the final Act to Canada.

#### INSTRUCTIONS RECEIVED BY CANADIAN DELEGATION

These instructions and the action taken by the Canadian Delegation to carry them out are referred to in the Delegation's report, Section 16. The Canadian Delegation was instructed to:

1. Reserve Canada's position as to whether or not a reparations claim would be made.

Subsequently the Delegation was authorized to act on the assumption that a claim would be made and as a result Canada was allocated 3.5% of the Category A assets and 1.5% of the Category B assets.

2. Support the proposition that German external assets situated in neutral countries should be included in the assets available for reparations.

In this regard Part I, Article 6 C and 8 B and C and the Unanimous Resolutions Nos. 1 and 2 are designed to give effect to this proposition.

3. Reserve the right of Canada to retain assets under the control of the Custodian.

The Delegation indicated to the Conference that Canada would not be prepared to surrender any of the assets controlled by the Custodian and the Conference recognized the right of each of the nations represented to retain such assets although in theory, for the purpose of accounting, there is a pooling of such assets. Part I, Article 6, of the final Act deals with this problem.

4. Support the establishment of an Inter-Allied Reparations Agency.

It is obvious that in order that there should be an equitable distribution of assets available for reparations, the Agency had to be established and the establishment is provided for in Part II of the final Act.

5. Report on policy respecting advance deliveries of industrial equipment which might be of interest to the Department of Reconstruction.

Certain lists of assets have already been made available by the Control Council in Berlin and it is understood that these lists have been received by the Department of Reconstruction.

6. Press for the recognition of the principle that German exports should be used in the first instance to pay for essential and approved imports.

This problem was considered as outside the scope of the Reparations Conference, the principle having been recognized at Potsdam. The U.K. and the U.S. delegations went on record during the Conference as recognizing this principle.

7. Protect the interests of Canadian nationals in any industrial equipment declared to be surplus to Germany's peace-time economy and available for reparations.

Article 4 C (i) and Resolution 3 appear to the Canadian Delegation to amply protect Canada's position in this regard.

8. Bear in mind the need for considering the strategic, political and economic aspects of the peace settlement.

The Head of the Canadian Delegation made a statement to this effect during the course of the Conference indicating at the same time that in the interest of the reconstruction of Europe Canada might be prepared to follow the American lead in surrendering a proportion of her share of industrial and other capital equipment.

#### FINAL PROPOSED ACT

##### *Points of General Interest*

#### 1. *Entry into Force and Signature*

Under Article 1 of Part IV of the Act it will come into effect as soon as it has been signed on behalf of the Governments collectively entitled to not less than 80% of the aggregate of shares in Category A. The U.K., the U.S. and France are collectively entitled to 72%.

In view of the fact that only the Governments who sign the final Act are entitled to take part in the establishment of the Inter-Allied Reparations Agency, it would appear desirable that the Government should determine at the earliest possible moment whether or not it is going to accept the final Act.

The delegates representing Greece, Egypt and Denmark did not sign, the latter stating he had not received instructions to do so.

#### 2. *Effect of Non-acceptance*

The effect of a Government not accepting the proposals, assuming that they are accepted by Governments whose aggregate shares in Category A equal 80%, is that the share of the Government failing to sign will be distributed among the signatory governments and it is not apparent how such a government could obtain reparations from any source other than the German assets which it may hold.

#### 3. *Shares of Reparations*

Part I, Article 1, deals with this problem and the shares allocated to the various Governments represented at the Conference are set out in the Table of Shares in paragraph B.

The Conference recognized the desirability of reconstructing devastated areas of Europe as quickly as possible and the justice of using German industrial and other capital equipment to replace capital assets destroyed. It was, therefore, decided to establish two categories of assets, namely, Category A and Category B and in the latter category to include industrial and other capital equipment, merchant ships and inland water transport. Category A includes all other forms of German assets available for reparations such as—

- (a) German assets within each country's jurisdiction.
- (b) German assets in neutral countries.

- (c) Future deliveries from current German production.
- (d) Reciprocal deliveries from the U.S.S.R.

The Conference did not determine what total amount of reparations should be paid by Germany or the period over which payment should be made. Nor did it endeavour to ascertain or even estimate the total value of German assets available for reparations. On this latter point the attention of the Committee is drawn to Section 3 of the report of the Delegation which sets out the arrangements made with the U.S.S.R. under which it is entitled to 10% of the industrial and other capital equipment and an additional 15% of such assets as a reciprocal delivery for 15% of future deliveries to be made from the Soviet Zone of Occupation.

It will be noted that Canada's share under Category A is 3.50 and the share allocated to the rest of the Empire, with the exception of the U.K., is 3.80. Canada's percentage under this Category is  $\frac{1}{4}$  of the U.S. share and appears to be a favourable comparison.

#### 4. *Method of Determining Shares*

The Yalta Conference agreed that Germany—

(a) Must pay in kind for the losses caused by her to the Allied Nations in the course of the war, and

(b) Reparations should be received in the first instance by those countries which have borne the main burden of the war and have organized victory over the enemy.

A Committee of Statisticians considered the statistical information filed by the countries represented at the Conference and endeavoured to set up, in chart form, a comparative statement as between the various countries of the claims made, classifying in one chart the statistical information that could be evaluated in monetary figures and in the other chart figures which could not be so evaluated.

This Committee distributed to the delegates the charts which they had prepared and the Inviting Powers placed before the Conference the Table of Shares, pointing out at the same time that it was impossible to relate directly the percentages allocated to the statistical charts because, in arriving at the percentages allocated, many factors, for example, political questions, had to be taken into account. An attempt was made at the meeting of the Heads of Delegations to force the Committee of Statisticians to appear and explain how the percentages were arrived at but this attempt was successfully opposed by the Inviting Powers.

It would seem that the two main elements determining the shares of reparations were the relationship of war damage and material loss to war effort and positive contribution to victory. There is no doubt that other factors were taken into consideration and it is interesting to compare the statistical information filed by the U.S. with that filed by Canada and the percentage share allocated to the U.S. and Canada respectively in Category A. Very roughly

the items evaluated in monetary terms filed by the U.S. and Canada compare as twelve to one respectively and the items not evaluated in monetary terms filed by these two countries compare as six to one. If any average can be struck it would be approximately nine to one and it is interesting to note that the U.S. share in Category A is slightly less than this ratio. This also applies to the final figures allocated to the U.S. and Canada in Category B. On the basis of population, and it is not suggested that this factor was taken into consideration at all, it is interesting to note that Canada's percentage considerably exceeds that of the United States.

The reasons why the Delegation feel that Canada should accept a 1.50 share of Category B assets are as follows:

The American delegation indicated informally early in the Conference that they were authorized to give up a substantial part of their Category B share because it was realized that devastated Europe must be reconstructed to the benefit of all the countries and secondly because the United States, being a great industrial country, did not require, and in fact would not desire to move plant and equipment from Germany to the United States. No doubt there were some political considerations, as well as economic considerations behind their proposed gesture, although it should be kept in mind that they talked about obtaining compensation by an increase in their Category A share for what they might give up in Category B. This idea was, of course, not acceptable to the U.K. delegation and when the U.S. finally did give up 16.20% of their Category B they obtained no direct compensation in Category A although certain concessions were made to them with respect to their Custodian owned assets which are included in Category A and the same concession will apply to Canada.

The Canadian Delegation, having been instructed that "reparations cannot be considered in isolation from strategic, economic and political aspects of European settlement" and further that "you would be justified in giving general support to any movement designed to promote the restoration of Europe's economy and development of general economic stability", indicated to the delegates of the Inviting Powers that Canada would be prepared to surrender a part of its Category B share for the same reasons and on the same basis as the U.S. When the Table of Shares was presented to the Conference the U.S. surrendered 16.20% of its Category B share. The Canadian Delegation surrendered 2.0% of the Category B share allocated to Canada and the Union of South Africa surrendered .60%. The U.K. refused to accept any portion of the surrendered shares and the Conference distributed these percentages to the other participating countries.

It is interesting to note that the U.K., who have suffered considerable physical destruction of property, in addition to not accepting any portion of the surrendered shares, in the dying moments of the Conference surrendered .20% of the Category B allocated to the U.K. in a successful effort to get some of the other countries to remain in the Conference.

. . .

## 6. *German External Assets in Neutral Countries*

For several months diplomatic pressure has been brought to bear on various neutral countries in Europe in an attempt to make them disclose German property held in or through those countries. It was felt that if the Conference were to support the idea that such assets should be made available for reparations, this would considerably strengthen the position of the Allied negotiators.

There were delegates at the Conference who strongly opposed the use of "the big stick" to force the neutrals to disgorge but, on the other hand, many of the delegates felt that if these assets were not made available for reparations, Germany's financial interests and probably some of the top ranking Nazis who had been able to remove their assets from Germany and centralize them in neutral countries, would now be able to recover these assets and evade their responsibility to pay reparations with the rest of the German people.

Part I, Article 6 C and the Unanimous Resolution of the Conference, with particular reference to Resolutions 1 and 2, are an attempt to deal with this problem. It will be noted that the inference is that arrangements will be negotiated with the neutral countries by the three Inviting Powers and there is no indication that "the big stick" will be used.

## 7. *Allocation of a Reparations Share to Non-repatriable Victims of German Action*

This is of general interest to Canada in that Part I, Article 8 provides for the setting up of a special fund to aid in the rehabilitation of people coming within the categories indicated in this Article. The original proposal was made by the U.S. and its introduction raised one of the most controversial questions of the entire Conference. The principal criticism against providing such a fund for what appears to be a humanitarian effort was that certain agencies now operating in Europe to relieve the distress of displaced persons were using funds supplied by various United Nations to relieve the distress of Nazi sympathizers who, because of their collaboration with the Nazis in their own countries, were forced to flee on the collapse of Germany and, in some cases went to Germany. As a result, the original proposal was redrafted and sub-paragraph D of this Article clearly defines the type of people who are eligible for aid under the plan.

The Article also provides for the agency which is to administer the fund and further that any individual refugee who receives assistance will not be prejudiced in any claim he may have against the future German Government except to the amount of the assistance given. The fund is to be provided out of an allocation of \$25,000,000 which it is hoped will be obtained from the proceeds of German assets in neutral countries and in addition all of the non-monetary gold found in Germany. The use of non-monetary gold for this purpose was considered poetic justice in view of the fact that part of

the non-monetary gold consists of the gold removed from the mouths of victims of Nazi horror camps, their rings and other jewelry.

#### 8. *Equality of Treatment Regarding Compensation for War Damage*

The U.S. and Canadian delegations played a large part in having a resolution passed dealing with this subject and it is referred to in Unanimous Resolution No. 3.

During the course of the Conference it came to the attention of the Canadian Delegation that a certain country had passed discriminatory legislation under which that country was not prepared to pay reparations to foreign owned corporations even though such corporations might be wholly owned by other corporations or nationals of a United Nation. It was, therefore, felt that as a matter of principle, the countries represented around the Conference table should agree to the principle that there should be no such discrimination. It was also appreciated that there might be special problems, particularly with respect to those countries which had passed special legislation, and in those cases special agreements may have to be made between the countries concerned.

#### 9. *Property in Germany Belonging to a United Nation or its Nationals*

The question of protecting these property interests and the further question of restitution of property removed from occupied territories and now located in Germany, were discussed at some length and certain delegates suggested that these interests should be ignored on the theory that if a United Nation, its nationals or a corporation, invested moneys in Germany before the war, this investment was a straight business venture and, therefore, should be included in the reparations pool. This argument was not successful and as a result the proposed final Act contains a provision with particular reference to the allocation of industrial and other capital equipment designed to protect such property rights. The provision is to be found in Part I, Article 4 C (i).

If the Allied Control Council declares industrial equipment available for reparations and the claimant country has a substantial prewar financial interest in such equipment, then that country will be entitled to have the equipment allocated to it, if it so desires. If there are two or more claimants having a sufficient interest, then their peculiar requirements will be taken into consideration by IARA.

In the Annex, Resolution No. 3 deals at greater length with the problem of whether or not property in Germany belonging to a United Nation or its nationals should be a part of the pool of assets available for reparations. The Head of the Delegation did not feel that Canada should support this resolution although it appears to be of considerable interest to Canada. The general effect is that if the interest in a particular property, either wholly or in the form of shareholdings, is more than 48%, such property shall as far as possible be excluded from the pool and the Control Council shall determine whether or not a minority shareholding is of sufficient importance to justify

the property not being considered to be available for reparations. This does not in any way affect the question of the destruction of the property if this is necessary for security reasons.

On the other hand, if there is a legitimate United Nations interest in any property allocated as reparations or destroyed, then the United Nation or its nationals, having such interest, are entitled to equitable compensation which will be a charge on the German economy and, if possible, will take the form of a shareholding in a German asset of the same kind which has not been allocated for reparations.

As stated above, the United Nation or its nationals may have an interest in certain assets now situated in Germany that were looted from occupied territories and these assets are specifically referred to in Part III, dealing with monetary gold which does not appear to be of any direct interest to Canada and in the Annex, Resolution No. 1.

Resolution No. 3 of the Annex, with particular reference to Clause (c), recommends that looted property be excluded from assets available for reparations.

Where such looted property is identifiable there will be restitution but where it is not identifiable the claim will be part of the general reparations claim of the country concerned. It was felt that certain exceptions should be made with respect to objects of an artistic, historic, scientific, educational or religious nature, excluding equipment of an industrial character. Such articles are, if possible, to be replaced by equivalent objects if they are not restored. The Resolution suggests that expert missions should be allowed by the Zone Commanders to search for and identify looted goods. The Agency will deal with all questions relating to restitution of property in the Western Zones of Germany where such questions are referred to the Agency by Zone Commanders.

#### 10. *Inter-Allied Reparations Agency*

Part II of the proposed final Act deals with the establishment of the Agency commonly referred to as IARA, and where the various articles are of particular interest to particular departments, this interest is indicated in that section of the memorandum dealing with that department.

The Agency will be established in Brussels and each of the Signatory Governments will be entitled to one delegate and one alternate. It is the intention to establish the Agency as soon as possible in order that the disposition of industrial and other capital equipment may be proceeded with.

Each of the delegates will be entitled to one vote, except in the voting on the budget where the delegate's vote will be proportionate to the share of that budget payable by his Government. Provision is also made for arbitration.

It does not appear necessary to deal with each of the articles in this part since it is felt that the articles themselves are quite clear.

\* \* \*

83.

PCO/W-38

*Mémorandum du Comité interministériel sur les réparations au Cabinet**Memorandum from Interdepartmental Committee on Reparations to Cabinet*

[Ottawa,] January 15, 1946

## THE RECOMMENDATIONS OF THE REPARATIONS CONFERENCE IN PARIS

At the meeting of the Cabinet on December 19th the Department of External Affairs submitted a report on the Conference on Reparations which was held in Paris from November 9th to December 21st, 1945, for the conclusion of a general agreement on reparations among those countries whose claims to reparations are to be met from the western zones of Germany and from German external assets.

This memorandum outlined the proceedings of the Conference and the participation of the Canadian Delegation headed by General Pope. The Cabinet was asked to approve the recommendations contained therein as follows:

(a) that authority be given to General Pope to sign the proposed "Final Act" of the Conference; and

(b) that on receipt of the recommendations of the Conference embodied in the Final Act and the report of the Canadian delegation, these documents should be considered by the Inter-Departmental Committee on Reparations with a view to submission of further recommendations on the subject to the Cabinet.

Cabinet approval was given to these recommendations.

In consequence of the decision of the Cabinet at its meeting on December 19th referred to above, the Inter-Departmental Committee on Reparations had studied the recommendations of the Paris Conference on Reparations, and the report of the Canadian delegation and desires to report the following:

## THE ALLOCATION OF REPARATIONS PERCENTAGE SHARES

(1) Under the percentages of reparations, as set out in the attached table of shares,† Canada has been allocated 3.5 per cent under Category A and 1.5 per cent under Category B.

(2) The allocation of 3.5 per cent to Canada under Category A represents a fair and equitable percentage of German assets. This includes a provision for the retention of German assets under the control of the Canadian Custodian, and a share in German assets held in neutral countries, as well as in all other types of assets not included in Category B.

(3) Under Category B, Canada has been allocated 1.5 per cent. This allocation takes into account the waiving of a portion of the Canadian share to German capital industrial equipment, as reported to the Cabinet in the memorandum from the Department of External Affairs of December 19th. The share within this Category is regarded by the Committee as sufficient,

having in mind that the lists of material designated by the Allied Control Council as available for reparations, which have been communicated to the Canadian Government up to the present time, have contained very few items of interest to Canadian industry. This category of assets also includes German shipping and inland water transport. The percentage allocated to Canada under this head remains at 3.5, and would appear to be adequate to cover any shipping which it may be desired to transfer from German to Canadian registry in compensation for loss of shipping resulting from enemy action.

(4) The table of shares represents a scheme recommended by the Paris Conference for allocating a purely hypothetical quantity of German assets which may become available for reparations, and the proposed Final Act does not set any total quantity or valuation on reparations to be paid by Germany or define the period over which reparations deliveries are to be made. However, as provided under the Potsdam Agreement, German capital industrial equipment designated by the Allied Control Council as available for reparations (Category B) is to be removed from Germany within a period of two years from the date of the German surrender.

#### THE INTER-ALLIED REPARATIONS AGENCY

(5) In order that an equitable distribution of German assets available for reparations should be made as between the countries accepting the proposals of the Paris Conference, the Final Act provides that an Inter-Allied Reparations Agency is to be established in Brussels, and that each of the signatory governments is to be entitled to send one delegate and an alternate delegate to this Agency. The Agency will be responsible for putting into effect the terms of the proposed Reparations Agreement. In particular the Agency will carry out the distribution of German assets to signatory governments in proportion to the percentages allocated at the Paris Conference, and will record such allocations. In the event of a dispute arising out of an allocation, provision is made for arbitration.

#### THE SETTLEMENT OF CLAIMS AGAINST GERMANY

(6) In order that there should be some finality in the settlement of reparations claims against Germany, it is proposed that the signatory governments should waive their rights, and the rights of their nationals, by accepting their share of reparations as allocated at the Paris Conference. It should be noted that this waiver only applies to claims arising out of the war.

#### OTHER PROVISIONS

(7) In view of the fact that the Potsdam Conference declared that the proceeds from current German exports are to be used in the first instance to pay for essential and approved imports, the Conference confirmed acceptance of this principle in its minutes, but since this is not directly a question of reparations, there is no specific provision on this point in the Final Act.

(8) It appears from the recommendations of the Conference that adequate provision has been made to protect the interests of Canadian nationals in German assets that may be declared available for reparations.

## SIGNATURE

(9) The signature of the Final Act by the delegates at the Conference represents a recommendation on their part to their respective governments that the proposed Reparations Agreement should be accepted. When those countries, holding 80 per cent of the aggregate total of the shares allocated, sign the Reparations Agreement at the French Ministry of Foreign Affairs, the Agreement will come into operation. In the event that a country does not sign the Agreement, its share of reparations as allocated at the Paris Conference will be distributed among the signatory countries. There appears to be no method whereby a non-signatory country may obtain reparations except out of external German assets within its own jurisdiction.

In the light of the foregoing the Inter-Departmental Committee on Reparations recommends:

(1) that the Canadian Government should accept the recommendations of the Paris Conference as contained in the Final Act, and that the necessary authority be given to the Canadian Ambassador in Paris to sign the Reparations Agreement on behalf of Canada;

(2) that at the appropriate time Canada should nominate a delegate to the Inter-Allied Reparations Agency in Brussels;

(3) that the Inter-Departmental Committee should continue to consider Reparations problems, should submit reports and recommendations to the Cabinet from time to time on matters arising out of the Reparations Agreement, and should coordinate the action of the several departments concerned in regard to the receipt of reparations from Germany and their distribution in Canada.<sup>1</sup>

84.

DEA/9441-40

*L'ambassadeur en Belgique au secrétaire d'État aux Affaires extérieures*

*Ambassador in Belgium to Secretary of State for External Affairs*

TELEGRAM 30

Brussels, February 13, 1946

1. I have been requested to inform you that the first meeting of the Inter-Allied Reparations Agency is to take place in the Chamber of Deputies on afternoon of February 28th.

<sup>1</sup> Ces recommandations furent approuvées par le Cabinet le 23 janvier 1946 et l'ambassadeur en France fut autorisé à signer l'Accord sur les réparations au nom du Canada.

<sup>1</sup> These recommendations were approved by the Cabinet on January 23, 1946 and the Ambassador in France was authorized to sign the Reparations Agreement on behalf of Canada.

2. The agenda calls for establishment of Sub-Committees on:

- (a) Experts on foreign holdings.
- (b) Merchant shipping.
- (c) Arbitration with regard to restitution.
- (d) Budget of Agency.
- (e) Accounts.

There will be other Committees as well.

3. Please indicate the position of our delegation and, if it is not numerous enough to enable Canada to have representation on each Sub-Committee, state which of these Committees is of most importance to us.

4. I have asked our Paris Embassy to furnish me all available information but, in addition, would appreciate full documentation from you.

5. Generally, I desire pointing out that, as other countries concerned will probably have large, fully informed and experienced delegations at this first Conference, it is essential that I be placed in a position to deal adequately with Canada's case.

85.

DEA/9441-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Belgique*

*Secretary of State for External Affairs to Ambassador in Belgium*

TELEGRAM 31

Ottawa, February 25, 1946

Reference your telegram No. 30, February 13th, Inter-Allied Reparations Agency:

1. Documentation which General Vanier has been asked to send you will, I think, give you sufficient background information. Following is supplementary information for your guidance.

2. Our principal interest at present relates to the procedure to be worked out in I.A.R.A. discussions to govern procurement and distribution of assets as between Governments who signed Reparations Agreement, on the basis of percentages allocated at Paris Conference. As regards German industrial plant and equipment included in Category B, Canada waived a portion of its percentage allocated in Paris in view of more urgent needs of countries devastated by war. Our interest in this field is selective and specific items from Germany will need to be related to determined needs in Canada. As regards other assets, however, it will need to be borne in mind that claims at present filed with the Custodian, even before advertisement, exceed the estimated value of German assets controlled by the Canadian Custodian.

3. You may be required, under the terms of the Reparations Agreement, to submit certain information.

(a) As regards items of German industrial plant and equipment available under Category B, article 4 (b) of the Reparations Agreement provides that signatory governments should endeavour to submit comprehensive programmes of requests. This is not possible at present owing to lack of information on availability of items. We have so far received three lists of items designated by the Control Council in Germany as available for advance deliveries. Description of items in these lists is not sufficiently informative to enable us to decide which items offered may be useful to Canadian economy. You should put the position to I.A.R.A. that our lack of information prevents us from preparing a comprehensive programme of requests and also makes it difficult for us to deal with lists already received.

It is understood that the United Kingdom and United States Governments have teams of investigators in Germany examining the items listed. They will, therefore, have more information available than ourselves and other governments. We have no investigators at present, but Geddes, economic adviser to the Canadian Military Mission, hopes to consult United Kingdom and United States authorities in London and Germany with a view to obtaining as much information as possible on the quantity, type and value of plant and equipment available for reparations and report to us on the situation.

(b) As regards German assets coming under Category A, you may be asked under Article 6 (b) of Agreement to give information regarding evaluation of Canadian controlled German assets. For this purpose you may use figure of \$6,459,924, given at Paris Conference. Unless there is agreement between signatory governments on a standard basis of evaluation we propose to leave the estimate unchanged.

4. We have been considering various types of claims against Germany which should be espoused by Canadian Government. Departmental memorandum† on this subject will follow by mail. In this connection Massey-Harris' claims in France and Germany are cases in point. You may have opportunity to ascertain procedure followed by United Kingdom and United States in equivalent cases where bulk of investment is held by parent company in the United Kingdom or United States, while subsidiary is incorporated in Germany or another third country. Are such claims dealt with on basis of corporate or investment interest?

5. As regards question in your paragraph 2, representation on Committees, having in mind interests indicated above you should endeavour to be represented at least on following Committees;

- (a) foreign holdings;
- (b) any committee dealing with category B assets including merchant shipping;
- (c) arbitration regarding restitution (some of our claims are restitution problems).

6. As discussion proceeds you will no doubt inform us of any developments affecting Canadian interest and supplementary instructions will then be cabled.

86.

DEA/9441-40

*L'ambassadeur en Belgique au secrétaire d'État aux Affaires extérieures*

*Ambassador in Belgium to Secretary of State for External Affairs*

TELEGRAM 46

Brussels, March 6, 1946

SECRET. Reparations.

1. Reference our telegram No. 42 of March 6th.† Seventh and eighth meetings of Assembly yesterday. Committee elections and Canada on three Committees. Canada on German External Assets Committee. Not much agitation required. Canada on Merchant Shipping Committee as forecast in our telegram No. 43 of March 6th.† Canada also on new Committee on industrial property, to deal with deflation, etc., and technological information.

2. Committees on industrial property, inland water transport and new Committee on current production to hold organization meetings immediately. Not expected to do much work before next session of Assembly about the end of March. Further discussion on Shipping Committee today.

3. Committees for arbitration in matters of restitution are not Standing Committees and none yet appointed, (reference your telegram No. 31 of February 25th).

87.

DEA/9441-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Belgique*

*Secretary of State for External Affairs to Ambassador in Belgium*

TELEGRAM 40

Ottawa, March 7, 1946

IMMEDIATE. SECRET. Your telegram No. 42 of March 6th,† Reparations.

After consulting Custodian we agree you should press for membership in Committee of Delegates on German External Assets. In support of claim to membership you might use following arguments:

1. Canada was one of the few countries at Paris Conference which surrendered a portion of its Category B share in favour of European countries devastated by the war. Of other countries taking similar action United Kingdom and United States are already assured membership on Committee and special provision in reparations agreement protects position of South Africa. It is, therefore, important that Canada should be represented on Committee to protect its position.

2. At present claims filed with the Custodian without advertisement greatly exceeds in magnitude the estimated value of German assets controlled by the Custodian.

3. If claim for membership is to be based on figures of holdings of German assets, it should be borne in mind that the Canadian figure may be considerably increased if an agreed standard of calculation is applied as between signatory countries. For instance some of the assets of German companies incorporated in Canada are held in the United States and their ultimate control for disposal purposes is yet to be determined. It seems to us essential that agreement be reached on a standard assessment of value in order to establish the principle of a fair division of German external assets among signatory governments.

For your information German external assets represent the main source from which we would hope to obtain compensation and you may find it useful in discussion with your colleagues to indicate informally, if this would help to obtain membership, that Canada would be prepared to forego membership on some other Committees if elected to this Committee. In the event of our failing of nomination, you should urge that Canada be represented on Committee when any problems affecting our position are under discussion.

88.

DEA/9441-A-40

*Extraits du rapport de la délégation à la première session  
de l'Assemblée de l'Agence interalliée des réparations*

*Extracts from Report of the Delegation to the First Session  
of the Assembly of the Inter-Allied Reparations Agency*

SECRET

Brussels, March 13, 1946

## A. INTRODUCTION

The first session of the Assembly of the Inter-Allied Reparations Agency took place at Brussels from February 28th to March 7th. The Agency was established by the Final Act of the Paris Conference on Reparations. The Canadian Ambassador in Paris signed this Final Act on January 30th, 1946, for Canada.

The Canadian Delegation consisted of the following:

- Delegate: H. E. the Hon. W. F. A. Turgeon, Ambassador to Belgium,  
Alternate: Col. G. W. McPherson, Member Canadian Military Mission,  
Berlin, for matters concerning the Custodian of Enemy  
Property.  
Secretary: Mr. T. LeM. Carter, Canadian Embassy, Brussels.  
Col. R. Geddes, Economic Adviser to the Canadian Military  
Mission, Berlin, arrived in Brussels at the end of the session.  
Col. Geddes and Col. McPherson plan to be in Brussels for  
the next session.

\* \* \*

## F. CANADIAN PARTICIPATION IN THE AGENCY'S WORK

The interventions of the Canadian representative in the discussions have been noted above. As instructed in Telegram No. 31 of February 25, Colonel McPherson stated during the discussion on German industrial and other capital equipment, that the lack of information makes it difficult to deal with the lists already circulated. Canada was elected to the committees which are mentioned in this telegram, except for those on arbitration regarding restitution. These arbitration commissions will be ad hoc bodies to decide specific disputes, and none have yet been elected.

The subject of Canadian representation at the Assembly and on committees has been raised in several telegrams to the Department. Adequate presentation of the Canadian case on such matters as German industrial equipment, German patents, German external assets and merchant shipping requires the presence in Brussels of suitably briefed experts in these fields. Colonel McPherson and Colonel Geddes will be in Brussels during the next session and will be able to advise the Delegate in their respective fields. Patent and merchant shipping experts have been asked for. It is most desirable, however, that the departments concerned be asked to determine their attitudes on the aspects of reparations in which they are interested, and to make provision in advance for representation. Information about forthcoming meetings of committees and the probable agenda of Assembly sessions will be sent from Brussels as it becomes available. It is likely that reparations matters will take up about a third of the time of the Delegate, and about the same proportion of the time of one secretary in the Embassy, during the next few months.<sup>1</sup>

\* \* \*

89.

DEA/8376-N-40

*Le sous-secrétaire d'État aux Affaires extérieures au chef, la mission militaire auprès de la Commission alliée de contrôle en Allemagne*

*Under-Secretary of State for External Affairs to Head, Military Mission to the Allied Control Commission, Germany*

SECRET

Ottawa, April 6, 1946

Dear General Pope,

I should like to refer to my letter of March 1st† which dealt briefly with the question of Canadian interest in procuring plant and equipment from Germany, which might become available on reparations account.

You will recall that, at that time, scrutiny of the lists of plant and equipment available for advance deliveries on reparations account had revealed little

<sup>1</sup> Le dossier DEA 9441-A-40 contient les rapports subséquents de la délégation canadienne qui ne sont pas reproduits ici.

<sup>1</sup> DEA file 9441-A-40 contains the subsequent reports of the Canadian Delegation which are not printed here.

of value to Canadian industry, and interest had been expressed only in procuring a plant for the production of hydrogen peroxide and hydrazine hydrate.

The reason for this expression of interest was that Canadian Arsenals, Limited, (a Crown company), and certain research branches of the Services are contemplating the production of rocket fuel, component parts of which are hydrogen peroxide and hydrazine hydrate. It was with this requirement in mind that a bid was made on January 21st for the acquisition on Canadian reparations account of the Degussa Plant at Rheinfelden (reference No. 2008), which was described on a list received from the Allied Control Council, through the United States Embassy here, as a plant for the production of hydrogen peroxide. In indicating our desire to obtain this plant, the reservation was made that our interest was "conditional upon the securing also of a hydrazine hydrate plant of sixty ton capacity."

Since that time we have received information, through army channels, that two plants, the Chemische Fabrik Transche at Gertsoffen in the United States zone, and a plant at Leverkusen, were both used by the Germans during the war for the production of hydrazine hydrate. We are informed that these factories are scheduled to be dismantled and may, therefore, become available as reparations.

You will understand that our main concern is in obtaining a hydrazine hydrate plant, as hydrogen peroxide can easily be produced in Canada. Any information, therefore, as to whether the plants noted above are, in fact, to be declared available as reparations, would be appreciated, in order that an early bid may be placed through the Inter-Allied Reparations Agency.

We are also advised by the Department of Reconstruction that Canada has an interest in obtaining a plant for the production of "solventless cordite". The lists so far supplied by the Allied Control Council have not shown that such a plant is available. If, however, advance information is given to you as to the likelihood of equipment for the manufacture of this product being designated as available for reparations, we would like to have this information at an early date.

You will note on page five, paragraph one, of the Report of the Canadian Delegation on the First Session of the Assembly of the Inter-Allied Reparations Agency,† a copy of which was sent to you from the Canadian Embassy, Brussels, that claims for reparations already placed with the Allied Control Council are to be considered null and void by I.A.R.A., and that new claims are to be registered with the Agency.

With this in mind action is being taken to prepare a consolidated list of Canadian requirements, as known at the present time, for the guidance of the Canadian delegation at I.A.R.A. This list will be made up of bids which have already been registered with the Allied Control Council, (i.e., hydrazine hydrate), and additional items of equipment which various departments of the Government have indicated they wish to receive from Germany.

You will recall that C.A.T.C., London, has been engaged in procuring items of equipment from Germany (commonly referred to as "booty"), which fall under the headings described in Article 5 of the terms of surrender imposed on Germany. "Booty" has been interpreted in several ways by various agencies and governments, however, we have now received through C.A.T.C. the present understanding of the term as employed by the Control Commission to Germany B.A.O.R.<sup>1</sup>, as follows:

Any property which was possessed by any former German government or any subject of that government coming under category of arms, munitions, and implements of war, which last are defined as articles or stores specially designed for offensive or defensive warfare or relative research and development facilities (including documents, material and training devices), provided such articles or stores are not convertible to normal peacetime uses without material change of construction shall be defined as booty.

We are informed that this definition of booty is still under consideration and may be modified by later discussions.

It appears that certain of the items which C.A.T.C. is endeavouring to procure on the continent for the various departments of Government, cannot be classified as "booty", and other means must, therefore, be sought to obtain this material. To this end the lists of German equipment requested by the various departments of Government are being revised here with a view to the possibility of some of this equipment becoming available through I.A.R.A.

When the revision is completed, these requirements, together with any items of interest to Canada appearing on the lists sent to us from the Allied Control Council, will be despatched to Mr. Turgeon. In the meantime, it is envisaged that C.A.T.C. will continue its efforts to obtain certain items under the "booty" system, where the only charges incurred will be those for crating and shipping.

We would appreciate receiving any advance information, which you may have, as to plant and equipment being declared available as reparations, in particular, any items which in Colonel Geddes' opinion would be useful to Canadian industry. On our side, we will keep you informed from time to time of developments in Canada affecting the question of reparations from Germany. In this connection I enclose one copy of the Minutes of the meeting of the Inter-Departmental Committee on Reparations of March 25th, 1946.†

A copy of this letter has been sent to Mr. Turgeon.

Yours sincerely,

N. A. ROBERTSON

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<sup>1</sup> British Army of the Rhine.

90.

DEA/9442-40

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

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

DESPATCH 642

Ottawa, April 11, 1946

Sir,

I have the honour to refer to my despatch No. 506 of March 16th,† in which developments which had taken place up to that time, in connection with the Canadian claims to reparation from Germany, were briefly reviewed, and to inform you of discussions which have since taken place in the Inter-Departmental Committee on Reparations, with regard to the handling of Canadian claims arising out of the war with Germany.

2. You will recall that under the terms of the Paris Agreement on Reparations, Article 2A each of the signatory governments agreed that

their respective shares of reparation, as determined by the present Agreement, shall be regarded by each of them as covering all its claims and those of its nationals against the former German Government and its agencies of a governmental or private nature, arising out of the war (which are not otherwise provided for), including costs of German occupation, credits acquired during occupation on clearing accounts and claims against the *Reichskreditkassen*.

3. The question of the satisfaction of claims by individuals and corporations against Germany arising out of the war is, therefore, seen to be an internal problem, and it is for each of the signatory governments to decide in what manner such claims are to be met. There appear to be two alternative procedures for paying approved claims. On the one hand, payment might be made on a priority or pro rata basis out of the proceeds of German reparation and on the other, claims might be met directly from the national revenue to which, of course, would be paid any proceeds from the reparation settlement.

4. Approximate figures which have been supplied by the Canadian Custodian's Office indicate that claims against Germany are far in excess of German assets held or controlled by the Canadian Custodian. It is not known at this stage whether proceeds from other forms of German reparation will tend to bring about a balance between claims registered and assets with which to meet them, but it is considered most unlikely, having regard to the small percentage share of reparation which was allocated to Canada at the Paris Conference and in view of the fact that the Custodian has not, as yet, advertised for war claims against Germany. In addition, it is clear that if the Government were to claim priority of claims on reparations over private claimants, on the basis of the budgetary cost of the war, there would be little possibility of meeting Canadian claims by individuals and corporations from the proceeds of German reparation.

5. These problems have been discussed by the Inter-Departmental Committee on Reparations, and it has been agreed to have enquiries made where possible regarding the approach to this problem on the part of other Governments who were signatory to the Paris Agreement on Reparations. For the guidance of those concerned with the problem in Ottawa, it would be useful to know something of the manner in which the United Kingdom Government faced with similar problems propose to deal with them. More specifically, it would be appreciated if you could ascertain from the Government to which you are accredited, (a) whether it is envisaged that claims are to be met out of the proceeds of reparation from Germany or from the national revenue; (b) whether or not it is intended to give the Government claims to reparation from Germany priority over individual and corporate claims; and (c) whether any steps have been taken to advertise for claims against Germany arising out of the war.

6. The question of which categories of claimants should have their claims for reparation and for restitution espoused by the Canadian Government has been considered by a Sub-Committee of the Inter-Departmental Committee on Reparations, and the following recommendations have been placed before the Committee:

#### WITH REGARD TO REPARATIONS

##### *7. Claims of Individuals*

The following categories of claimants should receive favourable consideration by the Canadian Government:

(a) All claimants now possessing Canadian nationality who possessed that nationality at the time their claims arose;

(b) All claimants now possessing Canadian nationality who at the time their claims arose were nationals of one of the United Nations, providing such claimants waive their right to claim through the United Nation in question;

(c) All claimants of dual nationality (one of which is Canadian) who possessed Canadian nationality at the time their claims arose, provided that none of their nationalities during the war were enemy or Axis and providing that such claimants waive the right to claim through the country of their other nationality.

*Note.* The claims of Canadian nationals who at the time their claims arose were nationals of an Axis or ex-Axis satellite state, should *not* have their claims espoused by the Canadian Government.

##### *Company Claims*

8. The Canadian Government should only espouse the claims of corporations incorporated by provincial or federal legislation, and whose "nationality" thus acquired was obtained in conditions which would allow the Government to espouse the claim as for a person.

*Partnership Claims*

9. In the special case of partnerships, in addition to the conditions pertaining to persons, the Canadian Government should espouse only that fraction of the claim which is represented by the relation to the total partnership of that part of the partnership which is Canadian.

## WITH REGARD TO RESTITUTION

10. The following categories of claims should be assisted by the Canadian Government:

- (a) All Canadian citizens.
- (b) All aliens permanently resident in Canada, who have applied for Canadian citizenship.

11. It will be understood that Canada does not wish to proceed unilaterally to apply the principles outlined above to the advertisement for or the hearing of claims against Germany until something is known of what procedure is envisaged in this regard by other Governments signatory to the Paris Agreement. For this reason it will be appreciated if you would submit the principles noted above for consideration by the Government to which you are accredited in order to obtain their views.

12. It is our tentative opinion that these principles are in accordance with the common practice of international law, but consideration should nevertheless be given to certain reciprocal aspects in their application. It seems clear that a claim should not be espoused simultaneously by two Governments and it is our view, subject, of course, to the concurrence of other Governments concerned, that in cases where claims could be registered with one or two countries they should be espoused only by the country of the claimant's present nationality. By the same token, in the case of dual nationality, only one of the Governments concerned should deal with the claim.

## WITH REGARD TO PRE-WAR DEBTS

13. It is the Canadian view that subject to inter-governmental agreement, German debts payable to nationals of the United Nations which originated before the war and became payable during the war or before the war should be classified as pre-war debts and should not be considered a matter of reparation but should be taken up at the time of the conclusion of the peace treaty with Germany. This would appear to be in accordance with Article 2C of the Final Act of the Paris Conference on Reparations, which states, in part:

Notwithstanding anything in the provisions of paragraph 2 above (see page 1) the present Agreement should not be considered as affecting the obligation of the appropriate authorities in Germany to secure at a future date the discharge of claims against Germany and German nationals arising out of contracts and other obligations entered into, and rights acquired, before the existence of a state of war between Germany and the Signatory Governments concerned, or before the occupation of its territory by Germany, whichever was earlier.

14. For your information, I attach one copy of the Minutes of the Inter-Departmental Committee on Reparations of Monday, March 25th,† the report

of the Sub-Committee of the Inter-Departmental Committee on Reparations,† and a copy of the report of the Canadian delegation to the First Assembly of the Inter-Allied Reparations Agency.

15. The United Kingdom Government is presumably confronted with similar problems, in dealing with the domestic aspect of the reparations problem, and it would be helpful to the authorities concerned with this question in Canada, to have any information you may be able to obtain regarding the manner in which the United Kingdom Government is dealing with the matter.

16. Similar despatches have been sent to Washington, Paris, Brussels, The Hague and Canberra.

I have etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

91.

DEA/9441-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Belgique*

*Secretary of State for External Affairs to Ambassador in Belgium*

TELEGRAM 187

Ottawa, October 5, 1946

Reference your telegram No. 210 of September 26th.† Special Assembly meeting I.A.R.A.

Support should be given efforts to expedite allocation of plants from Germany by Allied Control Authority. This would appear necessary both in order to speed up receipt of industrial equipment in needy Agency countries and to the end that reparation removals should not be prolonged in Germany where industrial equipment is, no doubt, subject to heavy depreciation and where continued reparation removals would undoubtedly have an adverse psychological effect on the German population. In principle we agree with draft resolution prepared in Procedure Committee, reference your despatch No. 524 of September 26th.†

As regards procedure within Agency it would be useful if Canadian authorities could receive with each inventory a short summary containing general information as to set up, production, condition, evaluation and other relevant data suitable for publication along lines now being followed in British Board of Trade Journal. Such concise information is very desirable in order that industry may express interest with reasonable understanding and knowledge.

Having regard for difficulties in reaching all of Canadian industry we would appreciate as much time as possible in which to submit bids or expressions of interest.

92.

DEA/9441-40

*Le chargé d'affaires en Belgique au secrétaire d'État  
aux Affaires extérieures*

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

DESPATCH 554

Brussels, October 11, 1946

CONFIDENTIAL

Sir,

I have the honour to enclose the resolution of October 8th of the Assembly of the Inter-Allied Reparations Agency on the delay in carrying out reparations policy. In accordance with the decision of the Assembly, this resolution is being communicated to the Government of Canada for any further action which it may see fit to take.

The resolution is the most important action in the field of capital industrial equipment which the Agency has yet taken. It was passed by fifteen votes, three abstentions and one delegate absent. The United States, Egypt and South Africa abstained and Luxembourg was absent. The second paragraph of the preamble states that the present situation is inconsistent with the reparations policy enunciated at Yalta and Potsdam. In the resolution proper, the Assembly expresses its wish that the situation should be brought to the notice of the council of Foreign Ministers. It would have been more normal for the Assembly to have first approached the Allied Control Council, but previous communications to the Allied Control Council on procedures and inspection facilities have brought tardy, incomplete and sometimes curt replies. Moreover, it was thought desirable that the resolution should be before the Council of Foreign Ministers when it takes up German matters at its forthcoming meetings.

The United Kingdom Delegate is largely responsible for the resolution. As described in the report on the fifth session of the Assembly, which has been sent to you, he took the initiative several weeks ago. The French Delegate strongly supported him in his capacity of President of the Assembly. Monsieur Rueff urged that delegates should request their Governments to support the resolution by diplomatic approaches to the four occupying powers. A paragraph to this effect was inserted in the resolution at one stage, and later withdrawn. It is likely that three or four of the small European states will make diplomatic démarches. The United States Delegate stated that he was in sympathy with the terms of the resolution, but from a tactical point of view he could not support an appeal to the Council of Foreign Ministers at present.

This resolution was the only matter before the final meetings of the fifth session of the Assembly. A copy of the press communiqué on the session is enclosed.

This despatch is being referred to our missions in London, Paris and Berlin.

I have etc.

T. L. CARTER  
for the Chargé d'Affaires

[PIÈCE JOINTE/ENCLOSURE]

*Résolution de l'Assemblée de l'Agence interalliée des réparations*  
*Resolution of the Assembly of the Inter-Allied Reparations Agency*

Brussels, October 8, 1946

THE ASSEMBLY OF THE INTER-ALLIED REPARATIONS AGENCY

RECALLING the objects for which it was set up by the Paris Agreement of 14 January 1946,

DEPLORES the slow rate at which industrial capital equipment from Germany is being made available for distribution between its member Governments, a state of affairs inconsistent with the reparation policy enunciated in the Yalta Communiqué and the Potsdam Declaration of 2 August, 1945;

OBSERVING that the value of industrial capital equipment as reparation is in direct relation to the speed at which it can be dismantled, removed and incorporated into the economy of the recipient countries;

OBSERVING that the Potsdam Declaration stressed the need for speed in the delivery of industrial capital equipment (a) by providing that such deliveries should be completed as soon as possible and (b) by making special provision for advance deliveries of industrial capital equipment to begin prior to the fixing of the total amount to be removed from Germany;

RECORDING that 14 months after the Potsdam Declaration only an insignificant number of plants has been declared available for distribution among members of the Agency and that the Agency has received no official explanation of the reasons for the present delays or information regarding the prospect of future allocation of industrial capital equipment;

THEREFORE CONSIDERS

that the serious state of affairs described above should be brought to the notice of the Council of Foreign Ministers at the earliest possible date with a view to a speedy remedy;

AND DECIDES to charge its President

(i) to request the Delegates of the United States, France and the United Kingdom, being the Delegates of the Governments of those Powers occupying Germany which are also signatories to the Paris Agreement of 14 January, 1946, and the Soviet Ambassador to Belgium, to bring this resolution urgently

to the notice of their respective Governments and to inform their respective Governments that it is the wish of this Assembly that the matter be placed on the Agenda of the Council of Foreign Ministers at the earliest possible date;

(ii) to inform the President of the Allied Control Council in Berlin of the action taken by the Assembly.

93.

DEA/9441-E-40

*Le sous-secrétaire d'État aux Affaires extérieures au délégué<sup>1</sup>  
à l'Assemblée de l'Agence interalliée des réparations*

*Under-Secretary of State for External Affairs to Delegate<sup>1</sup>  
to the Assembly of the Inter-Allied Reparations Agency*

Ottawa, December 20, 1946

Dear Sir,

I refer to your second and third Reports† dated November 29 and December 2 respectively. These reports were duly submitted to the office of the Custodian and have there been reviewed. I have just received from the Assistant Deputy Custodian a communication, copy of which is attached, in which he comments upon the reports under review. You will observe that he presumes that his memorandum will be considered by the Inter-Departmental Committee on Reparations.

At an early meeting of the Inter-Departmental Committee, the question will be raised as to the necessity of Committee consideration of questions of a custodial nature<sup>2</sup> in which many members have no particular interest, and which are in any event, of a highly involved and technical nature. I propose to report the receipt of the Custodian's comments upon your reports, but I do not anticipate there being any very illuminating discussion. In accordance with this general thought, I am forwarding to you the enclosed document so that you may have the benefit of the Custodian's comments without further delay.

Yours sincerely,

E. R. H[OPKINS]  
for the Under-Secretary of State  
for External Affairs

<sup>1</sup> Colonel G. W. McPherson.

<sup>2</sup> Des rapports détaillés sur ces questions sont dans les dossiers DEA/9441-A-40 et 9441-E-40.

<sup>†</sup> Detailed reports on these questions are in files DEA/9441-A-40 and 9441-E-40.

## [PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du séquestre suppléant adjoint au président,  
le Comité interministériel des réparations*

*Memorandum from Assistant Deputy Custodian to Chairman,  
Interdepartmental Committee on Reparations*

[Ottawa,] December 20, 1946

The Custodian's Office has studied Col. McPherson's Second and Third Reports, dated November 29th and December 2, 1946, respectively, in which he outlines further problems and arguments arising from meetings of the Committees of Experts and German External Assets. Similar to our previous observations, we offer the following comments, which we presume will be considered by the Inter-Departmental Committee on Reparations before final instructions issue to the Canadian Delegation at Brussels. For the sake of clarity, it is felt that each report should be dealt with under separate headings.

(A) SECOND REPORT RE COMMITTEE ON GERMAN EXTERNAL ASSETS  
DATED NOVEMBER 29, 1946

(1) *Decedents' Estates*

This office has carefully studied the United States proposal as contained in Article 1, Part II of their proposals dated November 12, 1946. We have also reviewed the various arguments put forward by the United States in support of their proposal, and observed the arguments advanced by other countries with respect to this proposal. We have also considered the United Kingdom revised proposals under this heading, dated December 3, 1946, which were obviously presented after the date of the report under consideration. I think it should be pointed out here that there are only a few estates in our records in which there is German enemy interest involved, and that regardless of what policy is eventually adopted by I.A.R.A., it will not affect Canada greatly one way or another. As far as this office is concerned, we see no objection to the Canadian Delegate supporting the revised United Kingdom proposal outlined in Article 1 of Part II of their proposal. We would support Paragraphs 1 and 2 of this Article. With regard to Paragraph 3, we are not quite clear on the interpretation of the words "administered and distributed." For instance, what would happen in the case where an estate was administered prior to the date of vesting if part of the residue were payable to a German enemy, but had not been actually distributed to him? If the asset were in Canada, we would have automatically vested it on September 2, 1939.

There is no mention made in the United Kingdom proposal of the case of a German dying domiciled in Germany leaving assets in a I.A.R.A. country. In this connection, we definitely support the stand taken by the Canadian Delegate that if the asset of any such estate is found in Canada, it has vested in the Canadian Custodian, and does not form part of the German estate.

## (2) *Trusts and other Fiduciary Arrangements*

This office agrees with the stand of the Canadian Delegate on the above problem as explained on Pages 4 and 5 of his report under this heading. It seems that the Canadian position would be well protected if Article 2, Part II of the United Kingdom revised proposals dated December 3, 1946, were adopted and the objections raised by Col. McPherson to the United States proposal seem to have been looked after in the United Kingdom proposal under this heading. The last sentence of Article 2 of the United Kingdom proposals, provides that "such release shall not be obligatory in cases where the trust or other fiduciary arrangement was established by a person resident in Germany, or a German enemy, or a person who subsequently became a German enemy."

Here again, if it is felt that an elaborate accounting system would be involved under this heading, as well as under the heading of "Decedents' Estates" described above, we feel that it should be left to the discretion of the Delegate as to whether or not he should insist upon an accounting.

## (3) *Rights of Non-Enemies*

We agree with the stand taken by the Canadian Delegate on Part 2, Article 3 of the United States Proposal, and suggest that he continue to adopt the same stand in future discussions.

### (B) THIRD REPORT—COMMITTEE ON EXTERNAL ASSETS DATED DECEMBER 2, 1946

#### (1) *Property located within the jurisdiction of one I.A.R.A. country and owned immediately by a corporation or other organization organized under the laws of another I.A.R.A. country*

It is observed that Col. McPherson's Third Report is concerned entirely with this subject. This office has reviewed all his comments, including his observations as to the principles which are similar in both the United Kingdom and the United States proposals under this heading. We have reviewed all the arguments put forward by the United Kingdom in support of their proposals, as well as the arguments put forward by the United States in support of their proposals. We have also noted the observations made by other I.A.R.A. Delegations respecting these two proposals.

It is observed that the Canadian Delegate states he has been supporting the principles behind the United States proposals, and also suggests that important amendments be made. This office has once again carefully reviewed this problem in the light of this new information, and we recommend that the Canadian Delegate be advised to follow the instructions previously recommended by this office to the effect that the American proposal be supported by Canada. I might add that we have also studied the new United Kingdom proposal, which is contained in Part III of their proposals dated December 3, 1946, under Document I.A.R.A./Co.E.A./Doc. 12. We do not think it would be in Canada's interest to support the United Kingdom proposal, even in the

revised form. This office is definitely of the opinion that consideration should not be given to the principle of voting power or control.

It is realized that the Canadian Delegate has been handicapped in his work which in recent months has been almost entirely concerned with intricate problems involving intercustodial conflicts. The disadvantage arises from the fact that he is not assisted by experts similar to the experts attached to the other I.A.R.A. Delegations. For this reason, the Custodian has decided to send Mr. K. J. Burbridge as Representative from this office to Brussels, in order to assist Col. McPherson at this particular time.

A. H. MATHIEU

## SECTION C

### TRAITÉ DE PAIX / PEACE TREATY

94.

DEA/7-CA-14

*Mémorandum du chef, la deuxième direction politique*

*Memorandum by Head, Second Political Division*

SECRET

[Ottawa,] May 7, 1946

#### CANADIAN POLICY ON THE GERMAN SETTLEMENT

1. The problem of Germany is no longer—if it ever was—a problem of how to prevent future German aggression. It is a problem of how to get a settlement which will lessen the chances of war between the Soviet world and the Western world. Thus, the most significant test of any proposed settlement of Germany is its probable effect on the relations between the two worlds.

2. The ideal peace with Germany would be the one which was best calculated to result in a German state not so anti-Soviet as to arouse the fears of the U.S.S.R. or so pro-Soviet as to arouse the fears of the Western world. This means that what we want is a moderate and democratic government in a united and relatively prosperous Germany. Democracy and moderation are in part the result of the absence of *terra irredenta* and economic distress. The more embittered and impoverished Germany becomes the more likely it is to embrace extremist political doctrines.

3. It is probable that Russia desires a continuance of political and economic instability and insecurity in Germany. In order to combat that policy our aim should be the creation as rapidly as possible of a unified administration of Germany, the treatment of Germany as a political and economic unit, and the drastic reduction of all the armies of occupation. If Russia will not consent to this, then we should at least aim at a unified administration for the Western zones and every effort should be made by the Western powers to bring the standard of living in the Western zones well above that in the Soviet zone.

4. Our main interest is to prevent the extension of Russian influence to the Rhine. This would endanger our strategic interests. It would threaten our economic interests since it would further impoverish Great Britain by reducing still further the standards of living in Britain's European markets and by cutting Great Britain off from many of those markets. It would greatly increase international tension by intensifying Anglo-American fear of Russia.

5. If there is to be a unified administration of Germany and eventually a central German federal government, the Rhineland should remain part of Germany. This would tend to offset the influence in the federal German government of the Sovietized eastern section; it would also increase the chances of Germany becoming economically stable. If Germany is to be split between a Soviet-controlled zone and a western zone, the Rhineland should remain part of that western zone since without it the rest of the western zone would be difficult to maintain and the chances of it falling into the hands of Russia would be increased. The separation of the Rhineland is a sensible policy only on the assumption that the whole of the rest of Germany is going to be dominated by Russia.

6. Opposition to the separation of the Rhineland does not entail opposition to a special regime for heavy industry in the Rhineland, or the creation of a Rhineland state within the German federation. The most practicable policy yet put forward is that of the United Kingdom which is that the heavy industries in the Rhineland should be socialized with ownership vested in the Rhineland state and with control shared with Allied authorities. Socialization, especially if done without compensation or accompanied by a drastic capital levy, would have the added advantage that it would destroy the industrialist class of the Rhineland which with the Junkers (whose economic basis has been destroyed by Soviet land policy) have constituted the two chief enemies of liberalism in Germany.

7. The United States will probably propose that as part of the terms of peace Germany should include in its new constitution a bill of rights of the citizen which would make illegal all the principal crimes which the Nazi government perpetrated against the non-Nazi element in the German community; racial and religious discrimination and defamation; imprisonment and execution without trial; denial of the rights of democratic self-government; torture, beatings and other barbarous punishments. This would serve a useful purpose.

8. One of the reasons why Hitlerism became popular in Germany was that it gave to a large number of Germans what the liberal republic had been unable to give—relief from insecurity, poverty and humiliation. Next time the beneficiary of an unsuccessful liberal republic may be Stalinism. The peace settlement will in the long-run fail unless it offers to the German people the hope that in the not too distant future they will have a chance to find purpose, value and dignity in their lives.

E. R[EID]

95.

DEA/7-CA-17

*Procès-verbal d'une réunion**Minutes of a Meeting*

Ottawa, December 24, 1946

## PEACE TREATY WITH GERMANY

Record of a meeting held in the office of the Under-Secretary of State for External Affairs at 11 o'clock, Tuesday, December 24th, to discuss Canadian interest in the German settlement.

The following were present:

Mr. L. B. Pearson, Chairman  
Mr. L. D. Wilgress,  
Mr. G. L. Magann,  
Mr. R. G. Riddell,  
Mr. S. D. Pierce,  
Mr. M. H. Wershof,  
Mr. J. H. Warren.

Mr. Pearson informed the meeting that the Council of Foreign Ministers had authorized special Deputies to meet in London to hear the views of states neighbouring on Germany, and other allied states which participated in the war, on the German settlement, and to discuss amongst themselves questions of procedure for the preparation of a Peace Treaty for Germany. The feeling was that in view of Canada's participation in the war, it would not be sufficient merely to present views to the Deputies of the Council of Foreign Ministers and then withdraw. Canada should rather play a more active role, and if possible make an effective contribution to the settlement. Telegrams† had been sent to Washington and London, indicating this view, and Mr. Wrong and Mr. Robertson had been requested to take up with the United States and United Kingdom governments the question of the form of Canadian participation in drawing up a German settlement.

Mr. Wrong had indicated that he would discuss this matter with Mr. Acheson, and had suggested that it might be well to make similar approaches to the governments of the other members of the Council of Foreign Ministers. It was the view of the meeting that this action should not be taken pending the result of representations being made in London and Washington.

The meeting considered the position in which the Canadian Government would be placed if a favourable reply to the request for active participation in the settlement was forthcoming. It was agreed that some concrete proposals should be prepared on the form of association which Canada and other states which had actively participated in the war against Germany might assume in drawing up the settlement. Mr. Riddell stated that in his view there were two positive steps which could be taken. Firstly, an endeavour could be made to discuss with the Deputies in London in January not only Canadian views on the German settlement in general, but also the whole question of procedure for drafting a settlement with Germany. Secondly, at a later stage and after

the Council of Foreign Ministers had considered the report of the Deputies, Canada and the other interested countries might be associated on a functional basis in discussions in the working committees of the Council of Foreign Ministers on those aspects of the treaty for Germany of direct concern to them. Subjects of particular interest to Canada might be the economic clauses of the German treaty and those relating to the setting up of a central German government.

Mr. Wilgress agreed that these two steps seemed worthy of consideration, but pointed out that the Council of Foreign Ministers had now a working procedure for drawing up peace treaties and it was unlikely that Canadian representations would be favourably received. Another practical consideration was that if Canada were to be associated on a functional basis with the committees set up under the Deputies of the Council of Foreign Ministers to work out the details of directives passed down by the Foreign Ministers, it was unlikely that technically qualified Canadian personnel could be found or could be spared for such purpose.

The meeting then considered what the Canadian position would be if Canada declined to present views to the Deputies or to associate ourselves in any way with the settlement. In this connection Mr. Wilgress stated that our real contribution in Paris had been very small, although the votes which we had registered in favour of certain recommendations and proposals, had had their effect in the subsequent deliberations in the Council of Foreign Ministers. It was the feeling of the meeting that from a domestic point of view, the Government would be open to criticism either if it refused to participate in the settlement or if it participated under the present restrictive terms of reference.

It was finally agreed:

(a) That a small departmental committee should be set up to look into these questions.

(b) That a memorandum should be prepared for submission by the Secretary of State for External Affairs to the Prime Minister outlining briefly the problem with which we are faced as regards participation in the German settlement, and indicating what had already been done by way of representations in Washington and London. The Prime Minister might be asked to give his directions on this question and to express his view as to whether or not a detailed memorandum should be submitted to Cabinet for Government view.

(c) That if the Prime Minister concurred, a memorandum should be submitted to Cabinet outlining the main Canadian interests in the German settlement and suggesting the various procedures which might be adopted by the Canadian Government for association in drawing up the German treaty or alternatively in refusing to participate therein.

(d) That committee papers should be prepared outlining the committee's view on the best methods for Canadian association in discussions on German problems and on questions of substance in connection with the German settlement.

96.

CH/Vol. 2087

*Aide-mémoire du gouvernement du Canada au gouvernement des États-Unis**Aide-mémoire from Government of Canada to Government of United States*

Washington, December 26, 1946

The Government of Canada has noted the instructions issued by the Council of Foreign Ministers to their Special Deputies for Germany "to hear the views of the Governments of neighbouring Allied States and of other Allied States who participated with their armed forces in the common struggle against Germany and wish to present their views on the German problems", and "to consider questions of procedure with regard to the preparation of a Peace Treaty for Germany". Note has also been taken of the similar instructions issued to the Special Deputies for Austria.

When the terms of the Peace Treaty with Italy were first discussed by the Council of Foreign Ministers, arrangements were made for the representatives of other Allied States which had been active belligerents to appear before the Council itself. The Canadian Government refrained from making such an appearance, on the ground that no useful purpose would be served by the appearance before the Council of a Canadian representative only to make a general statement of the views of the Canadian Government, without any opportunity for further participation at that stage.

The arrangements for the preparation of draft Treaties for Germany and Austria which have been approved by the Council of Foreign Ministers provide an even smaller opportunity for other interested Governments to participate in the early stages of the settlement than that which was provided in the early stages of the Italian settlement. In the view of the Government of Canada, however, some empirical and constructive approach to this difficult problem would be preferable to a mere refusal, on grounds of principle, to present the Canadian views to the Special Deputies. It has therefore been decided to seek some form of association in the preparation of the Treaties which would be more in keeping with Canada's contribution to the war. This object could be achieved, in some measure at any rate, by a flexible interpretation of the terms of reference to the Special Deputies, so that they would be able not only to hear a statement of the views of the Government of Canada, but also to discuss the settlement with Canadian representatives.

The Government of Canada is also of the opinion that it would be useful for the Special Deputies to discuss with Canadian representatives and with those of other countries which are to be heard not only the settlement with Germany and Austria, but also the questions of procedure which the Deputies are to include in their report to the Council of Foreign Ministers. If this were done, it might be possible, through reaching agreement on the official level, to avoid the public discussion at a later stage of some of the procedural difficulties of the type which consumed so much time at the Paris Conference.

The Government of Canada also desires to suggest that representatives of smaller States should be associated on a functional basis in the actual drafting

of the Treaties. In this way, Canadian representatives might be enabled to discuss with the Council of Foreign Ministers at an early stage those clauses of the Treaty with Germany which are of particular interest to Canada, such as the economic clauses and the clauses on the central government of Germany. On the other hand, the Government of Canada would not particularly desire to be given an opportunity to be associated in the drafting of the clauses on such questions as the eastern boundaries of Germany.

The Government of Canada hopes that the Government of the United States will be able to give support to the views expressed above. In the light of the extent of the Canadian contribution to Allied victory over Germany, it is considered that these suggestions are modest in scope.

## SECTION D

COMMISSION DES NATIONS UNIES SUR LES CRIMES DE GUERRE

UNITED NATIONS WAR CRIMES COMMISSION

97.

CH/Vol. 2109

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

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

TELEGRAM 958

London, April 15, 1946

IMMEDIATE. SECRET. My telegram No. 934 of April 11th,† Disbandment of No. 1 Canadian War Crimes Investigation Unit.

2. Owing to impending disbandment of this Unit and transfer of the remaining work to its United Kingdom counterpart, the question of representation of Canada on the United Nations War Crimes Commission arises.

3. Three alternatives offer themselves:

(a) That the United Kingdom representative sit on our behalf on the ground that our interests will be in their hands. His relationship with the War Crimes Advisory Committee, and ours also, will then need definition. Access to War Crimes information could be arranged with him.

(b) That some other member nation be asked to represent us. You will agree this is not a suitable course.

(c) That Canada send a delegate as before. The definition of the respective functions of the United Kingdom and Canadian delegates might prove delicate, and administrative redundancy might arise. If, however, the first alternative is rejected, it might perhaps be arranged that our delegate should sit purely as a political observer, the understanding with the United Kingdom Government being that we are reluctant to increase their burden any more than we can help.

4. Would appreciate your earliest instructions in this matter, together with your reply to my telegram No. 934. I note that Department of National Defence have approved the recommendations of General Murchie.<sup>1</sup>

98.

CH/Vol. 2109

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

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

TELEGRAM 940

Ottawa, May 8, 1946

SECRET. Your telegrams Nos. 934 of April 11th† and No. 958, April 16th.

Canadian Government after consideration has agreed to disabandonment [*sic*] of War Crimes Investigation Unit in London<sup>2</sup> and to transfer of further investigations and trials to United Kingdom Military authorities subject to the following:

(A) A Canadian representative should remain on the United Nations War Crimes Commission until it is dissolved.

(B) Canada should relinquish to the United Kingdom authorities complete jurisdiction over any pending cases in which there was a joint United Kingdom-Canadian interest.

(C) The Canadian representative on the Commission should retain the right to approve or disapprove the 'listing' with the Commission of persons accused of war crimes against Canadians only.

(D) Arrangements should be concluded with the United Kingdom authorities whereby before any United Kingdom trials were held in respect of Germans accused of atrocities against Canadians only a transcript of the evidence and any other necessary details would be transmitted to Ottawa for approval by the Canadian Government.

(E) It should be made clear to the United Kingdom authorities that the Canadian authorities so far as it lay within their power would co-operate fully in collecting evidence, providing witnesses etc., but that once a Canadian case had been approved for trial the trial itself would be entirely a United Kingdom trial.

<sup>1</sup> Lieutenant-général J. C. Murchie, chef d'état-major du quartier général militaire du Canada, Londres.

<sup>2</sup> Cette action fut recommandée par le ministre des Affaires extérieures et fut approuvée par le Cabinet le 6 mai 1946.

<sup>1</sup> Lieutenant-General J. C. Murchie, Chief of Staff, Canadian Military Headquarters, London.

<sup>2</sup> This action was recommended by the Department of External Affairs and was approved by the Cabinet on May 6, 1946.

99.

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*Le haut commissaire en Grande-Bretagne au secrétaire aux Dominions**High Commissioner in Great Britain to Dominions Secretary*

[London,] May 17, 1946

My dear Secretary of State,

You are aware that in pursuance of its war crimes policy, the Government of Canada set up a War Crimes Advisory Committee in Ottawa, and a War Crimes Investigation Unit overseas. This latter has been a military formation attached to Canadian Military Headquarters in London, and entrusted with the task of investigating and preparing the cases in which Canada has claimed a sole or joint interest. I have myself acted as the representative of Canada on the United Nations War Crimes Commission, and it may be assumed that, in the absence of any change in policy, my successor will do the same. Canada will continue to be represented.

For pressing reasons, however—not of policy, but of administration—the Government of Canada has found it necessary to undertake the disbandment of the War Crimes Investigation Unit. In consequence, it will be no longer in a position either to complete present investigations or to begin the preparation of fresh cases.

This decision has been prompted by several urgent considerations. The withdrawal of occupation forces from the Continent will very soon render the task of the Canadian field teams extremely difficult. Moreover, the personnel of these teams and of the Investigation Unit itself have already remained overseas after their right to demobilization and repatriation has long since accrued. Their replacement from Canada has proved a stubborn problem. Finally, the nature of the Canadian cases which remain to be heard or prepared is now such that only work over a prolonged period will suffice.

The Government of Canada will accordingly be most grateful for the assistance of the United Kingdom authorities in this highly important field of activity. Perhaps you have been informed already that the Judge Advocate General's Branch of the British Army has intimated informally its capacity and willingness to assume what remains of the work on the Canadian cases, and that to this end Brigadier Shepcott, Judge Advocate General's Branch, and Brigadier Suttie, Canadian Military Headquarters, have been in communication.

You will understand the desire of the Canadian Government, in the light of its unchanged policy towards war crimes, to suggest one or two conditions which it feels to be necessary, and I should like to state these briefly.

(a) Jurisdiction over pending cases in which Canada and the United Kingdom have a joint interest would be handed over completely to the United Kingdom authorities. Canada would relinquish all jurisdiction whatsoever, and would therefore be concerned in future with cases where the injured parties were Canadians only.

(b) The right of approval of the listing with the Commission of persons accused of war crimes against Canadians only would be retained and would be exercised in practice by the Canadian representative on the Commission.

(c) It would be desired that before any trials were held, a transcript of the evidence and of any other necessary details would be transmitted to Ottawa for approval by the Canadian Government.

The Canadian authorities would, so far as it lay within their power, cooperate to the full in collecting evidence, providing witnesses and other such matters, but the trial itself would be arranged and conducted by the United Kingdom authorities.

As I have said, the British Judge Advocate General has expressed his informal consent in order to allow the Canadian authorities to make practical decisions, and I should be grateful if you would inform me whether the United Kingdom Government is agreeable to the proposals advanced in this letter, and to the completion with the Judge Advocate General of concrete arrangements based upon these proposals.

Yours sincerely,

VINCENT MASSEY

## SECTION E

### PRISONNIERS DE GUERRE AU CANADA

#### PRISONERS OF WAR IN CANADA

100.

PCO/W-35-2

*Le chef, la direction de l'information, au secrétaire du Cabinet*

*Head, Information Division, to Secretary of the Cabinet*

[Ottawa,] January 5, 1946

#### REPATRIATION OF GERMAN P.S.O.W.

With reference to the prospective repatriation of German prisoners of war, it is suggested that the order in which they should be returned should be as follows:

- (1) White Other Ranks in base camps;
- (2) Grey and dark grey Other Ranks in base camps;
- (3) Black Other Ranks in base camps;

(4) It is requested by the War Office in telegram No. 25, January 3, † from the High Commissioner in the United Kingdom that "Where possible ardent Nazis should be grouped together and that these groups should be kept separate from other prisoners of war."

(5) Officers;

(6) Working prisoners of war, so far as possible, in the order of white, grey and black.

The principle of returning prisoners in this order of their ideology is, I understand, approved by the Army authorities and is the order desired by the War Office and the Department of External Affairs.

This order would also allow the immediate clearance and closing of a number of white and grey camps. It would facilitate the documentation of the prisoners of war which it is very important for the United Kingdom authorities to have, and, perhaps a secondary point, it would, in the view of PWC,<sup>1</sup> have a better psychological effect than the reverse order. It will be observed that it would not interfere in any way with the employment of the prisoners of war now working.

T. W. L. M[ACDERMOT]

101.

PCO/W-35-2

*Le secrétaire du Cabinet au sous-secrétaire d'État aux Affaires extérieures*

*Secretary to the Cabinet to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, January 9, 1946

Dear Mr. Robertson,

You will remember that on December 19th the Cabinet considered the question of the return to the United Kingdom of German prisoners of war and, at the instance of the Minister of Labour, agreed that prisoners of war working in woods operations and on farms should be kept in this country until the spring, say April 1st. It was also thought to be desirable that those in the camps should be returned to Britain in the order "blacks", "greys", and "whites". In the latter connection Mr. MacDermot has drawn my attention to three recent telegrams from the High Commissioner in London (Nos. 25 and 26 of January 23rd,† and No. 27 of January 24th†) and has informed me that from the point of view of your department it would be preferable, apart from the working prisoners of war, to return first to the United Kingdom the "whites" to be followed in that order by the "greys" and the "blacks". This is apparently the order in which administrative arrangements have been made and accords with the wishes of U.K. authorities.

This morning I have spoken to the Minister of Labour and to the Minister of National Defence. Mr. Mitchell has no interest in the order of return, apart from his desire to retain personnel working in the woods and on farms. Mr. Abbott is also satisfied to have the order of return reversed so that present arrangements may go forward.

<sup>1</sup> Psychological Warfare Committee.

Since Mr. Mitchell and Mr. Abbott are the two Ministers responsible, I can see no objection to proceeding on the basis and in the order proposed, so long as the position of the working parties is not in any way affected.

I am sending copies of this letter to Mr. Mitchell, Mr. Abbott and Mr. MacDermot.

Yours sincerely,

[A. D. P. HEENEY]

102.

PCO/W-35-2

*Mémorandum de la direction de l'information au sous-secrétaire d'État  
aux Affaires extérieures*

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

[Ottawa,] March 23, 1946

RETENTION IN CANADA OF PRISONERS OF WAR FOR LABOUR PROJECTS

In view of the world food situation and the pressure presently being exerted by agricultural groups in Canada, it seems likely that Cabinet may soon be asked to decide whether prisoner of war labour should be retained in Canada until at least the end of the summer.

If this should be the case, there are a few considerations which this Department might wish to bring to Cabinet's attention:

1. The Canadian Government has undertaken to return all prisoners of war to the United Kingdom. The United Kingdom was informed that the transfer of working prisoners of war would begin about April 1st. If Canada were to decide to retain these 10,000-odd working prisoners, the agreement of the United Kingdom would have to be secured.

The United Kingdom originally asked that employed prisoners of war should be the first group to be transferred, and agreed, only after some deliberation, to accept the non-working prisoners first. Now that non-working prisoners have been evacuated, it might occasion the United Kingdom considerable dissatisfaction if Canada were to decide, without full consultation, to retain the working prisoners of war in this country.

2. The Delegation in Canada of the International Committee of the Red Cross, is proposing to discontinue its activities among prisoners of war in the late spring. If any large numbers of prisoners of war were to be kept in Canada beyond this time, either the I.C.R.C. would have to be asked to reconsider, or the prisoners of war would be left without the services and moral support of any neutral agency.

3. The agreement with the United Kingdom stipulates that officer prisoners of war will be evacuated from Canada only after the working prisoners have been moved. Unless the United Kingdom would consent to change the order of

transfer, some 2,100 German officers would be left in Canada till autumn at least. The prisoner of war re-education programme of the Psychological Warfare Committee has virtually come to an end, but it would seem undesirable to cease re-education work in the officer camps, if these are to be kept open for many months, and forfeit whatever benefits have been derived from re-education efforts to date.

L. A. D. S[TEPHENS]

103.

PCO/W-35-2

*Mémorandum du secrétaire du Cabinet au Cabinet*

*Memorandum from Secretary to the Cabinet to Cabinet*

SECRET

[Ottawa,] April 1, 1946

CONTINUED USE OF PRISONERS OF WAR IN CANADA

I. The Minister of Labour, after consultation between officials of the Department of Labour and the Department of National Defence, has presented the following report and recommendations:

The movement of prisoners of war is progressing satisfactorily and in the normal course of events all prisoners would be out of Canada by the end of June. It is suggested that the 9,000 in lumber camps, chiefly in Northern Ontario, be withdrawn progressively, movement to be completed by June 15th, thus giving lumber camp operators an opportunity to clear up their season's work.

At present some 1,100 prisoners are on individual farms—534 in Ontario, 450 in Alberta, 106 in Quebec and 5 in Manitoba. It is proposed that these be retained until the end of the 1946 farming season on the basis that there will be no new placements or replacements. The farmers would pay \$1.75 per day effective May 1st, and prisoners of war would be allowed a credit of .50¢ per day.

In respect of sugar beet production, the Sugar Controller wishes that everything possible be done to sustain cultivation and harvesting of a tonnage equal to last year's production. Since no other labour is available, it is proposed that prisoners be retained for this purpose this year, to form a pool of 2,500 men—1,200 in Alberta, 700 in Manitoba and 600 in Ontario.

II. In this connection the following considerations have been brought forward by other departments.

(1) The Canadian Government has informed the U.K. government that all prisoners would be returned to the U.K. beginning April 1st. Any change would require consultation with the U.K.

(2) The International Red Cross delegation in Canada is proposing to discontinue activities among prisoners in the late spring; if prisoners are retained, this situation would have to be reconsidered.

(3) Relevant financial factors are:

(a) arrangements with the U.K. regarding payment by the U.K for prisoners of war in Canada;

(b) the advice of the Department of National Defence that retention of prisoners of war as recommended by the Department of Labour would demand retention of special army organization and would also involve a substantial overall cost to the government of Canada.

A. D. P. HEENEY

104.

PCO/W-35-2

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

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

TELEGRAM 778

Ottawa, April 5, 1946

IMPORTANT. SECRET. Retention in Canada of prisoners of war for farm labour.

1. Cabinet after consideration feels it would be desirable to retain some 3500 prisoners of war in Canada till the end of the farming season.

2. This conclusion was reached in view of the world food situation and the shortage of farm labour in Canada, particularly in sugar beet production.

3. The remaining working prisoners of war will be transferred to the United Kingdom as arranged.

4. Please approach the appropriate United Kingdom authorities with a view to securing their agreement to this proposed measure. You might stress that, although this action constitutes an exception to the agreement for transfer of all prisoners of war from Canada to the United Kingdom, it is impelled by the imperative requirements of world food production.

5. I should appreciate an early reply.

105.

PCO/W-35-2

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

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

TELEGRAM 1038

London, April 29, 1946

Reference my telegram No. 977 of 24th April†, retention for agricultural work in Canada of 3,500 German prisoners.

Question has been considered by the Departments concerned and the position is as follows:

1. There is an extreme shortage of labour in this country, in particular for agricultural purposes, and the United Kingdom authorities had been reckoning on the availability for their own harvest this summer of all the German prisoners of war who have been held in Canada and were due to be repatriated to this country by the end of May.

2. A further difficulty is that these prisoners must be moved in troopships which would otherwise be returning empty to this country from North America after transporting Canadian troops and their wives from Europe. It is understood that these movements will be completed not later than early August, after which it will not be possible to transport these prisoners, since the military shipping remaining available is required and has [been] allocated for other urgent purposes.

3. In these circumstances, the United Kingdom authorities propose that these prisoners should remain in Canada until the last troopship sailing which, as already indicated, is on present information not likely to be later than early August. If these prisoners were transported to the United Kingdom by such a date, they would still be available for the lifting of crops in this country.

4. Please inform me as soon as possible whether this meets the Canadian request.

106.

PCO/W-35-2

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] May 9, 1946

As you know, we have been having an argument recently with the United Kingdom Government about the return to the United Kingdom of some thousands of German prisoners of war who are being used as agricultural labourers in various parts of Canada. The United Kingdom wish them back in accordance with an arrangement made some months ago and we are trying to hold on to them because of the immediate need for their services for food production here.

It has occurred to me that we might kill two or three birds with one stone by agreeing to take demobilized Polish soldiers, man for man, in return for the German prisoners of war we would be returning to the United Kingdom. In this way we would be getting a supply of heavy labour of a type which I understand is in considerable demand; the movement, which might run to three or four thousand, would make an appreciable beginning on the very difficult task of disposing of the large forces of Polish soldiers in Western

Europe who, for understandable reasons are unwilling to return to Poland; the fact that they would be coming in as agricultural labourers or lumber workers to take the place specifically of German prisoners of war who would be shipped back, would I think remove the matter from the field of public controversy.<sup>1</sup>

In the ordinary course most of the Poles, who are of the type from which a good part of our useful immigration has come, would probably settle here as useful citizens.

107.

DEA/621-LB-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] September 17, 1946

GERMAN PRISONERS OF WAR; RETENTION IN CANADA

At the meeting of the Cabinet on September 17th, the Minister of Labour reported that representatives of the departments immediately concerned had met to consider the suggestion that suitable prisoners of war at present in Canada be permitted to remain in this country on a basis similar to that provided for a limited group of Polish soldiers.

The Minister of Labour said that, while the committee of officials had refrained from making any recommendation, it was felt that it would be unwise at this time to permit entry on a civilian basis of enemy prisoners of war when approved persons from Allied countries could not be brought in. In the circumstances, it was recommended that plans would have to proceed for the return of the remaining prisoners of war.

The Cabinet, after discussion, agreed that arrangements for return of prisoners of war should proceed (although such as were willing to remain in employment in Canada might be sent back last).

N. A. R[OBERTSON]

108.

DEA/621-LB-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] November 30, 1946

GERMAN PRISONERS OF WAR IN CANADA

At present there remain in Canada approximately 2,000 German prisoners of war who, according to present plans, will be transferred to the United Kingdom on December 22nd.

<sup>1</sup> Voir le chapitre 4, partie 5.

<sup>1</sup> See Chapter 4, Part 5.

It has recently been suggested both in the Press and by various individuals that present government policy be altered to allow a select group of these prisoners of war to settle in Canada as potentially useful citizens in various industries such as, for instance, lumbering and agriculture.

A considerable number of these prisoners of war have expressed a strong wish to be allowed to remain in Canada and any of those retained would obviously have to be drawn from this group.

I think myself that there is much to be said for retaining a carefully selected group of these prisoners. The objections to this course which might have been raised earlier would, I think, not now appear. However, from the 2,000, only those, I suggest, should be selected who would become valuable Canadian citizens. For this purpose, two tests are essential:

- (1) political soundness; and
- (2) prospective utility to this country.

In this regard, I am informed by the Directorate of Military Intelligence that, within a few days of receiving a request to this effect, complete dossiers could be provided on up to 200 prisoners of war who are both politically sound and potentially useful. All of them have been either anti-Nazis or definitely non-Nazis. Many of them have been serving Canada in various useful occupations for some time, and previously ran some risk from the anger of their fellow prisoners in volunteering to work. As to economic usefulness to Canada, the dossiers prepared by the Directorate of Military Intelligence could be forwarded to the Department of Labour for checking. I understand that, among the prisoners remaining, there are a small percentage of specialized craftsmen and technicians, with skills which are not to be found in Canada, and which would be particularly valuable here at the present time. Even if we were not able to accept the, say, 200 screened prisoners as suggested above, I think that we would be well advised to retain the relatively few with these special skills. This could be done by Order-in-Council.

I have given a copy of this memorandum to Heeney so that the question may be put on the Cabinet Agenda and discussed at a meeting this week, if you so desire.

109.

DEA/621-LB-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] December 3, 1946

GERMAN PRISONERS OF WAR; PERMISSION FOR SELECTED  
PERSONNEL TO REMAIN IN CANADA

At the meeting of the Cabinet on December 3rd, it was agreed that, subject to the concurrence of the U.K. government, up to 200 German

prisoners of war, selected for their usefulness in industries such as lumbering and agriculture, be permitted to remain in Canada on the same terms as those accorded Polish soldiers presently entering the country (subject to security screening).

It was also agreed that, should further investigation demonstrate that an additional number could qualify under the above conditions, further consideration be given to increasing the total to be permitted to remain.

110.

PCO/W-35-2

*Mémorandum du sous-secrétaire d'État par intérim  
aux Affaires extérieures au Cabinet*

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

SECRET

Ottawa, December 9, 1946

GERMAN PRISONERS OF WAR; PERMISSION FOR SELECTED  
PERSONNEL TO REMAIN IN CANADA

On December 3rd, Cabinet approved retention in Canada of up to 200 prisoners of war subject to the concurrence of the United Kingdom and provided they were politically sound and of economic utility to the country. At a meeting called on December 6th, to work out a time-table and suitable procedure for selection of these prisoners, attended by representatives of D.M.I., the Directorate of Administration (POW), the Department of Labour and the Department of External Affairs, it was agreed:

1. From among those prisoners of war who had volunteered, D.M.I. should draw up a list of those considered politically sound. D.M.I. estimated that this list could be completed by December 14th at the latest.

2. The Department of Labour [should] draw up another list based on a prisoner of war's potential employment value.

3. By arrangement between D.M.I. and the Department of Labour these two lists [should] be collated. If there were found to be names on the Department of Labour list which were judged to be dubious cases from the point of view of political soundness, these cases should be reviewed by D.M.I. It was recognized that the political reliability of the prisoners of war must be established by D.M.I. in each case.

It was also agreed that at least 500 and probably more would be found suitable both politically and from an employment point of view. The D.M.I. representative stated that there were 745 prisoners of war who were considered potentially suitable, though all of these might not want to remain in Canada. Of these, 738 had volunteered to remain.

In the light of the second point agreed to by the Cabinet, that should further investigation demonstrate that an additional number could qualify

under the prescribed conditions, further consideration be given to increasing the total to be permitted to remain, it is recommended that Cabinet consideration be given to permitting the retention of all prisoners of war from the above prospective list who:

- (a) Volunteer to stay in Canada;
- (b) Are reported politically sound by D.M.I.
- (c) Are considered economically useful by the Department of Labour.

As movement orders are to be issued on December 10th, and the movement is to begin on December 18th, it is necessary that a decision be reached on this point not later than December 13th.

The Cabinet also stipulated that these prisoners of war be admitted on the same terms as the Poles. Since all the ex-Polish soldiers were brought to Canada for agricultural purposes and a number of German prisoners of war would be useful as craftsmen in certain other industries other than agriculture, it is suggested that prisoners of war be allowed to remain on projects designated by the Department of Labour in the contract to be signed by the prisoner of war.

In accordance with the Cabinet's recommendation, a telegram is being sent to the United Kingdom government requesting their concurrence in the retention of these prisoners of war.

It is further recommended that a press statement on retention of prisoners of war in Canada be issued by the Minister of Labour, and that enquiries from the press be referred to that department.

These proposals have the support of the Minister of Reconstruction and Supply.

R. M. MACDONNELL

111.

PCO/W-35-2

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

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

TELEGRAM 2396

London, December 18, 1946

Your telegram No. 2118 of 9th December.† Retention in Canada of German Prisoners of War.

United Kingdom authorities have today informed me verbally that they see no objection to proposal but that the matter raises certain questions of detail and procedure about which they will write me in the next few days. I will communicate with you further as soon as United Kingdom comments are received.

## PARTIE 3/PART 3

## AUTRICHE/AUSTRIA

112.

DEA/7-DG

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

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

TELEGRAM 1099

Ottawa, June 1, 1946

SECRET. Following for Robertson from Wrong, Begins: Proposed treaty with Austria.

You will no doubt have seen Dominions Office telegram Circular D. 551 of May 29th† which deals with United States proposal for treaty with Austria.

The following are our provisional comments. If the Prime Minister agrees they might be communicated to the Dominions Office.

We have, of course, repeatedly expressed our objections to the exclusive negotiation by the Big Powers of the peace settlements with ex-enemy states, and these arguments would apply to the peace settlement with Austria, whether it is formally described as a "peace treaty" or not.

Moreover, we are not very hopefully impressed by the United States proposal as a political expedient to circumvent Soviet obstruction. It seems to us doubtful whether any ingenuities in the form of the treaty would induce the Soviet Union to become party to it unless it suited her purposes to do so.

On the other hand, the Canadian Government share the general interest in the prompt settlement of peace terms with ex-enemy states, and we would not wish to hinder any arrangements with regard to Austria which, in the view of the United Kingdom and the United States, hold out the prospect of gaining the agreement of the four Powers principally concerned.

With regard to the proposals outlined in paragraphs 3, 4 and 5 of Dominions Office telegram under reference, we should require to have full discussions to study the terms of the treaty with Austria in order that Canadian interests in the settlement may be safeguarded. We consider that as an active belligerent in the war against Germany and Austria we, in common with the other active belligerents, should sign this treaty provided, of course, that its contents are acceptable to us. We are not favourably impressed by the United States suggestion that other countries (including Canada) should accede to the treaty subsequently or express their recognition of the resulting state of affairs by means of a separate protocol. This would, in our view constitute a most unfortunate precedent.

If the arrangements for the treaty are to be proceeded with, it is clear that the Canadian, as well as the United Kingdom, legal position will have to be

regularized. The United Kingdom proposal for unilateral declarations by those states which regard Austria as having enemy status to the effect that they were prepared henceforth to regard her as no longer having that status, seem to us unobjectionable, although we have not yet had time to consider the legal implications.

## PARTIE 4/PART 4

RÈGLEMENT DES COMPTES ALLIÉS  
SETTLEMENT OF ALLIED ACCOUNTS

## SECTION A

## RETOUR DES VALEURS / RELEASE OF ASSETS

113.

DEA/614-40

*Le sous-secrétaire d'État aux Affaires extérieures au ministre de la Justice*

*Under-Secretary of State for External Affairs to Minister of Justice*

CONFIDENTIAL

[Ottawa,] January 30, 1946

## RELEASE OF FRENCH AND BELGIAN ASSETS; DISCLOSURE OF NAMES

1. Negotiations have been proceeding with representatives of the French and Belgian Governments with a view to reaching an agreement regarding the release of French and Belgian assets now in Canada under the control of the Custodian of Enemy Property.

2. Draft proposals for the release of French assets have been prepared, for presentation to the French Government. The general effect of the proposals is to require persons resident in France, or who left France after a specified date (other than British subjects or Canadian citizens), to obtain a certificate of bona fides from the French Government before their assets will be released by the Custodian.

In particular, Clause 8 of the draft proposals reads as follows:

8. The Custodian will supply, for the information of the French authorities, a list of names in which French accounts are recorded, together with addresses in the cases where they are known to the Custodian. This information will be in addition to the general summary of accounts and broad classification of the nature of these accounts earlier supplied to the French Government, which will be supplemented from time to time.

3. Similar draft proposals, with a corresponding Clause 8, have been prepared for the Belgian Government.

4. You will recall that the matter of providing these governments with lists of names was raised when you were preparing to proceed to London for the first meeting of the General Assembly of the United Nations. At that time, you felt that a final decision should be deferred until your return, when the matter could be discussed with your colleagues.

Both the French and Belgian Governments have been pressing for the conclusion of agreements for the release of these assets and are, of course, most anxious to obtain the lists of names. Since the negotiations have been proceeding for some time, I wonder whether you feel that the special matter of the disclosure of names could now be taken up with Cabinet.

5. Representations have been made by certain investment houses in Canada, which hold securities for French nationals, strongly objecting to the disclosure of names (supplied by them to the Custodian in compliance with the Trading With the Enemy Regulations) to the Government of France. It has been stated by these houses that some of their clients in France may not have declared their Canadian holdings to the French Government and may therefore be subject to confiscatory or other punitive measures. It has also been pointed out that some of their accounts have been standing in their books for more than forty years and that the beneficial owners, resident in France, placed their moneys here for security before the present war and before the fear of inflation was in the minds of French residents.

6. It is appreciated that consideration should be given to the representations outlined in paragraph 5 above. On the other hand, the date for the declaration of French assets held abroad has been extended by the French Government until March 31, 1946. Consequently, if the release agreement is concluded in the near future, sufficient time will be allowed under French law for the individuals concerned to make the necessary declarations.

7. On the positive side, there are a number of cogent reasons for providing the French and Belgian Governments with the desired lists of names. These are as follows:

(a) The most practical method whereby the Custodian can quickly release such assets, and obtain information as to the real enemy assets held by him, is by obtaining the full cooperation of the particular Government concerned. It would, therefore, seem reasonable to comply with requests on the part of such governments for the necessary lists of names.

(b) It would seem desirable, at a time when France is in need of Canadian dollars for purposes of trade, and is seeking commercial credits, to provide the French Government with the maximum assistance in mobilizing whatever French assets are available in Canada. If a list of names is not provided, it seems highly likely that certain French holders of assets in Canada will refrain from applying for their release rather than to ask the French Government for a certificate of bona fides. In such cases, the French assets may remain frozen indefinitely in Canada. Similar considerations apply to Belgium.

(c) Proposals containing a clause providing for the disclosure of a list of names have already been presented by the Canadian Government to the Netherlands Government in a formal Note. Moreover, in May, 1945, a provisional list of names, as of that date, was actually transmitted to the Netherlands Minister. A similar disclosure of names has been made to the Norwegian Government. It would be difficult to deny to the French and Belgian Govern-

ments information of a nature corresponding to that already given to the Netherlands and Norwegian Governments.

(d) The United Kingdom Government has adopted a policy of complete disclosure of information to the foreign governments concerned.

(e) There is no provision in the arrangements which the United States have concluded for the release of French assets, for providing a list of names. However, the agreement which the United States Government has concluded with the French Government for the avoidance of double taxation will result in the greater part of the desired information being available to the French in any event. (Moreover, Canada is now negotiating with France an agreement for the avoidance of double taxation, which, as presently drafted, would eventually provide the French with the greater part of the requested information).

8. This memorandum has been discussed with the Under-Secretary of State who has expressed his concurrence in the recommendation that Clause 8, as it presently appears in the draft proposals for the release of French and Belgian assets, be allowed to stand.

N. A. ROBERTSON

114.

DEA/614-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] February 7, 1946

RELEASE OF FRENCH AND BELGIAN ASSETS; DISCLOSURE OF NAMES

At the meeting of the Cabinet on February 6th this question was discussed on the basis of External Affairs' memorandum of January 30th to the Minister of Justice.

After Mr. St. Laurent explained the situation, the Cabinet agreed that the proposed arrangements for release of French and Belgian assets in Canada be proceeded with, including disclosure of lists of names to the French and Belgian authorities.

115.

DEA/614-40

*Mémorandum de la direction juridique<sup>1</sup>*

*Memorandum by Legal Division<sup>1</sup>*

[Ottawa,] December 28, 1946

RE: PROPOSED RELEASING AGREEMENTS

The Meeting was held in Mr. Mathieu's office this morning to discuss the above proposals. Mr. Burbridge, Mr. Gardner, Mr. Robitaille, Mr. Wright and myself were present.

<sup>1</sup>De H. F. Davis.

<sup>1</sup>By H. F. Davis.

We began with a detailed examination of the provisions of the proposed Danish Agreement but it soon became evident that in the light of experience gained in the nine months since the signing of the French Agreement the Custodian would be well advised to reconsider whether he should be a party to any similar agreement with any other liberated country. So far as we are concerned, the proposed agreements were to outline the procedure to be followed in releasing technical enemy property. The difficulties and disappointments arising out of the French Agreement have become so pronounced and have posed so many troublesome administration problems for this office that it was finally agreed that, if possible, no further agreements should be concluded. Throughout the discussion reference was made to the procedure for release under Part III of our Circular Letter of the 13th January, 1941, copy attached marked "A".† That procedure was simple and direct. The material required was as follows:

- (1) Personal Declaration by beneficial owner.
- (2) Certification before a British or Canadian Consular official.
- (3) A statement of bona fides by a Bank, Trust Company or other reliable person.

That procedure had two principal features:

- (1) The entire release machinery at all times remained completely in the hands of the Custodian.
- (2) Applicants had to appear in person before the Consular official.

Under the French Agreement and the proposed agreements with other liberated countries two points stand out:

- (1) We are required to give a list of our accounts.
- (2) Claimants are required to produce a certificate from their Government, if they are resident nationals.

The giving of lists to the French Government has embarrassed this office as no other single event since the office was opened. At the time the Cabinet gave its approval to the giving of lists it was pointed out that similar lists had been given by Great Britain and the United States. It is uncertain how far the British have complied but our understanding is that the United States gave no lists, requiring merely certification; for example, by *l'Office des Changes* re French accounts. By giving lists we placed a weapon in the hands of these Foreign Governments to pursue their own nationals to apply for a release. Thus, we became mere agents of the Foreign Government to assist them in collecting taxes and obtaining Foreign Exchange from their nationals in spite of the fact that it is a well recognized principle of English law that taxing authorities have no jurisdiction outside their own particular district. In other words, the Government of any one of the provinces of Canada cannot levy against the property of one of its residents located in another province.

As to No. 2, our experience under the French Agreement is entirely unsatisfactory, as we are forced to the conclusion that these Foreign Govern-

ments, being interested in these agreements in only one thing, namely, the transfer of the foreign assets of their nationals to themselves, will, in order to obtain such assets, sign any certificate required. Questions of interpretation have also arisen under the French Agreement, which are most troublesome. We are, therefore, satisfied that had no agreement been negotiated with France, nor any contemplated with the other liberated countries, we would have released up to date more technical enemy property even to French nationals in France than we have so far released.

We were also satisfied that the release procedure provided for in Part III of our Circular Letter of the 13th January, 1941, is much more satisfactory and much more reliable from our stand point than any provided in any of these agreements. The original reasons advanced in the beginning of 1945 for having these agreements have either disappeared or have been found not to have existed.

It is realized that Part III of our Circular Letter of the 13th January, 1941, specifically refers to securities. This can easily be amended by adding a paragraph to the effect that the material required under this Part applies equally to all other types of property with the necessary changes and alterations.

It is also realized that in many districts there are no British or Canadian Consular officials. We have already overcome difficulties of this nature under this Part by accepting in such cases the best certification possible, in the circumstances, including Agents designated by the Consular officials. Foreign Agents of Canadian Banks might be ready to render assistance in this connection.

It must be borne in mind that the Custodian's principal concern is to have the claimant properly identified by having him appear personally before some responsible person.

## SECTION B

### SECOURS MILITAIRE / MILITARY RELIEF

**116.**

DEA/2295-AH-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-229

Ottawa, January 24, 1946

Following for Ritchie from Pierce, Begins: Your WA-32 of January 4th† and WA-201 of January 11th.†

I confirm my telephone conversation with you on the subject of the United Kingdom draft reply to the Netherlands note regarding payment for military relief supplies.

We agree with the attitude taken and consider that the draft note is a fair statement of the British position as we know it. We do not think, however,

that we can send an identical reply to The Netherlands because in our case we will wish to point out the special nature of our arrangements with The Netherlands for supplies and services furnished the Canadian Army, in that we alone undertook to pay for goods and services received.

It is our understanding that further discussions in Washington will be necessary before replies are sent by the United States, the United Kingdom or Canada and that we should not reply until we hear further from you.

117.

DEA/2295-AH-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-850

Washington, February 19, 1946

Following for Pierce from Ritchie, Begins: My WA-748 of February 12th† and related communications concerning proposed reply to the Netherlands note regarding payment for Military Relief supplies, including our telephone conversation on this subject late last week.

The United States and United Kingdom drafts have now been discussed by representatives of the United States, United Kingdom and Canadian Governments here.<sup>1</sup> In these discussions I made known the views expressed in your EX-229 of January 24th and indicated our general preference for the line taken in the United Kingdom note. On most points the United States representatives appreciated the reasoning which resulted in our dissatisfaction with their draft but indicated that on several points it would be difficult to secure a modification of that draft. At our meeting we developed an abbreviated and modified version of the United Kingdom note which each of us undertook to refer to our respective Governments suggesting to them that they construct around this incomplete draft a note which would be satisfactory to them. The notes so constructed would then be reported to the particular Government's representatives in Washington and each of us would then discuss our proposed note with representatives of the other two Governments in order to ensure that, in the absence of agreement on identical notes, one [*sic*] of the notes contained elements repugnant to the other two parties.

I should say that both the United States and United Kingdom representatives expressed some concern at the suggestion in your EX-229 that the Canadian note should emphasize a distinction between Canada on the one hand and the United States and United Kingdom on the other. The United States representatives maintained that the special paragraph which they had included as paragraph 2 of the original draft, and which they would retain in

<sup>1</sup> Pour les procès-verbaux du Comité tripartite de règlement voir volume 2157 des dossiers de Canada House. (Archives publiques RG 25 A12).

<sup>1</sup> For Minutes of the Tri-Partite Settlement Committee see volume 2157 of the Canada House files. (Public Archives RG 25 A12).

any note, was not intended to strengthen the United States position in relation to the United Kingdom and Canada, but to strengthen all three positions equally. I expressed some doubt that the Netherlands authorities would have read the language, contained in the Lend-Lease interpretation of April 30th, to mean that an understanding reached with the United States Government placed them under an obligation not only to the United States Government but also to the United Kingdom and Canadian Governments. I pointed out that while there had been a remark in that memorandum (see the quotation in the second paragraph on page 1 of my WA-748) which might have been taken to imply a reinforcement of the Netherlands obligation to all three countries, and not only to the United States, the concluding clause had related that obligation only to the United States dollar portion of the Bill. The State Department representatives said that while obviously emphasis had been placed on the United States dollar portion it had been intended that the memorandum of April 30th should reinforce the obligation to all three supplying countries. They went on to say that as the Canadians had been the principal champions of the joint collection arrangement, and had, in fact, virtually insisted on it, they felt confident that any language employed in our note drawing attention to the fact that Canada had been paying dollars to the Dutch would be carefully drafted to avoid any implication that the binding nature of the Dutch obligation to Canada derived from this fact and that accordingly their obligation to Canada was more binding than their obligation to the United States or United Kingdom. They recognized that this payment of Canadian dollars to the Dutch was relevant to the ability of the Dutch to pay but remarked that, as all three countries seemed agreed the Dutch could pay in any event, they did not feel that this feature required particular emphasis in the Canadian note. I am sure you will wish to take account of these observations by the United States authorities in drafting the Canadian note.

When a proposed Canadian note has been drafted I should be grateful if you would communicate the text to us in advance of transmittal to the Netherlands authorities in order that we might discuss it with the United States and United Kingdom representatives and avoid any misunderstanding. As indicated above the United States and United Kingdom will clear their texts with us before submitting notes to the Dutch.

In modifying the original draft United Kingdom note to take account of views expressed by the United States and ourselves some slight changes in language were made to imply gently that our recognition of the contribution made by The Netherlands and the hardships endured by them extended to similar contributions and services of other Allied countries in the war. Certain sentences were deleted as redundant in the sense that their substance had already been emphasized in the original notes of April 4th and that in any case they were not particularly relevant in replying to the Dutch representations. Some words were inserted, at the insistence of the United States, to indicate that account had been taken not only of the representations made in

the Dutch note but also of other circumstances relevant to the ability of the Dutch to pay. In the penultimate sentence the words "that Government" were changed to "those supplying Governments" to remove any implication that one Government could unilaterally determine the currencies which it would accept. In the last sentence the word "however" was replaced by the words "of course" in order not to exaggerate the importance which should be attached by the Dutch in our willingness to hear representations in regard to individual items. The following is the abbreviated text on which there seems to be substantial agreement:

The —(supplying)—Government has carefully considered the representations made by the Netherlands Government in their note of 29th of October about payment for the cost of civilian supplies furnished to The Netherlands through the combined armies of the Allies. It recognizes the great services rendered to the Allied cause by the Netherlands Government and people in common with other Allied nations, and the great hardships endured by them during the course of the war. They recognize also the magnitude of the task with which The Netherlands and other Allied Governments are faced in the rehabilitation and reconstruction of their countries. The ——— Government after full consideration of the representations of the Netherlands Government in the relevant circumstances regrets that it is unable to agree that the claim to payment against the Netherlands Government in respect of the civilian supplies furnished under this arrangement should be waived or withdrawn. The ——— Government reminds the Netherlands Government that, as explained in its note of April 4th, although bills will be presented for the sake of convenience in terms of dollars, actual payment in respect of the sums due to each of the three supplying Governments will be requested in currencies acceptable to those supplying Governments. The ——— Government, will, of course, be prepared, in consultation with the Governments of the ——— (the other two supplying Governments)—to consider any representations which the Netherlands Government may wish to make in regard to particular items in the bills as presented.

118.

DEA/2295-AH-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-1087

Washington, March 7, 1946

Following for Pierce from Ritchie, Begins: My WA-850 of February 19th concerning proposed reply to the Netherlands note regarding payment for military relief supplies.

At a regular meeting of the Tri-Partite Settlement Committee yesterday, each of the three sides informed the Committee of the intentions of his Government in respect of this note.

For our part, we advised the Committee (in line with the telephone conversation which I had with you last week) that the draft note which had been developed by the informal working party of the Tri-Partite Settlement Committee, and which had been reported to you in my WA-850, was generally acceptable to us. I indicated my understanding that the Canadian authorities would not include a special paragraph referring to the fact that, unlike the other countries, Canada had undertaken to pay the Dutch for goods and services received (your EX-229 of January 24th) if the United States and United Kingdom considered, as they had previously indicated on numerous occasions, that the insertion of such an argument applicable specifically only to Canada would involve a deviation from the joint collection arrangement and would imply that the binding nature of the Dutch obligation to Canada derived from the fact that Canada had undertaken to make certain payments and that accordingly their obligation to the United States and United Kingdom was somehow less binding. At yesterday's meeting the United States and United Kingdom expressed themselves strongly in favour of the omission of any such paragraph from the Canadian note and observed that if such special arguments were to be introduced they might equally well refer to the net troop pay arrangements, lend-lease and reciprocal aid arrangements, etc., but they could see no merit in resorting to such special arguments when the case could be established equally for all three countries on more general grounds. Incidentally, I should mention that in the fourth sentence of the draft text of the note reported in my WA-850 the words "in the relevant circumstances" should have read "and other relevant circumstances".

3. The United Kingdom representatives indicated that their Government would wish to submit a note also along the lines reported in WA-850.

4. The United States representatives informed the Committee that they could see no objection to the United Kingdom and Canada submitting notes in the form and language proposed in WA-850 but for their part they would wish to submit to the Dutch a note stating more explicitly that they were rejecting the Dutch request not only on the ground that the Dutch had an obligation to pay but also on the ground that "the representations contained in (the Dutch note) do not establish the inability of the Netherlands Government to pay". The following is the text of the draft which the United States representatives propose to submit to the Dutch, Begins:

I have the honor to refer to Your Excellency's Note No. 7984 of November 29th, 1945 concerning payment for the cost of civilian supplies furnished to the Netherlands Government and people through the Combined Military authorities of the United States, United Kingdom and Canada.

Since the inception of the program for the provision of civilian supplies through the Combined Military Authorities, this Government has frequently stated that payment for such supplies would be requested from the Government of The Netherlands. On August 19th, 1944, representatives of the Netherlands Government confirmed the understanding that these civilian supplies would be paid for currently and this understanding was again con-

firmed by representatives of the Netherlands Government on November 8th, 1944. The intention of the Government of the United States to request such payment was set forth in its note of April 4th, 1945. Payment for these supplies was made a specific provision of the Department of State's memorandum of April 30th, 1945, which interpreted certain sections of the agreement reached on that date between the Government of the United States and the Government of The Netherlands.

The Government of the United States has given careful consideration to the representations contained in your note of November 29th, 1945. The United States Government recognized the great services which the Netherlands Government and people in common with other Allied nations rendered to the Allied cause, and the great hardships endured by all the liberated countries during the course of the war. It recognizes also the magnitude of the task with which the Netherlands Government and other Allied Governments are faced in the rehabilitation and reconstruction of their countries. However, in the view of the Government of the United States, the representations contained in your note of November 29th, 1945, do not establish the inability of the Netherlands Government to pay the combined bills for the civilian relief program which the Governments of the United States, the United Kingdom and Canada are presenting for payment.

In view of the above considerations, the United States Government regrets that it is unable to agree that the claim against the Netherlands Government should be waived or withdrawn.

Accept, Excellency, the renewed assurances of my highest consideration.  
Ends.

5. The suggestion at the meeting was that the notes might be presented to the appropriate Dutch authorities on March 15th if that date is agreeable to the three Governments. The United Kingdom will present its note at The Hague. The United States will present its note to the Netherlands Ambassador in Washington since all previous notes on this subject between the United States and the Dutch have been exchanged in Washington. I indicated that the Canadian authorities would probably make their presentation through The Hague since it was my understanding that our previous exchanges had taken place at The Hague.

6. In these circumstances, can you let us know by Monday, March 11th, whether the Canadian position is correctly stated in paragraph 2 above and that accordingly you propose to submit the note suggested in WA-850 without any formal reference to the special financial arrangements which Canada had with The Netherlands during the war. Can you inform us by the same date whether it will be feasible and agreeable for you to proceed with the presentation of this note in The Hague or in Ottawa on March 15th. Can you let us know also whether you see any objection to the draft note which the State Department proposes to submit to the Netherlands Ambassador here. Unless the State Department is informed by March 11th that some difficulties have

arisen on these or related points, they will make arrangements to present the note to the Netherlands Ambassador on March 15th and will assume that you will be making your presentation on the same date.

7. Finally, I should probably draw your attention to the fact that the Dutch note to the United Kingdom was dated October 29th and the note to the United States was apparently dated November 29th. You will doubtless wish to check the date of the Dutch note to Canada, since it may not have been the same as either of the other two.

119.

DEA/2295-AH-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-744

Ottawa, March 13, 1946

IMMEDIATE. Your WA-1138 of March 11th† and WA-699 of February 9th,†  
Military Relief Settlement Committee.

Draft text of note intended for various recipient countries is satisfactory to us.

120.

DEA/2295-AH-40

*Le secrétaire d'État aux Affaires extérieures au ministre des Pays-Bas  
Secretary of State for External Affairs to Minister of The Netherlands*

No. 32

Ottawa, March 15, 1946

Excellency,

The Canadian Government has carefully considered the representations made by the Netherlands Government in their note of November 14th, 1945, about payment for the cost of civilian supplies furnished to The Netherlands through the combined armies of the Allies. It recognizes the great services rendered to the Allied cause by the Netherlands Government and people in common with other Allied nations, and the great hardships endured by them during the course of the war. It recognizes also the magnitude of the task with which The Netherlands and other Allied Governments are faced in the rehabilitation and reconstruction of their countries. The Canadian Government, after full consideration of the representations of the Netherlands Government and other relevant circumstances, regrets that it is unable to agree that the claim to payment against the Netherlands Government in respect of the civilian supplies furnished under this arrangement should be waived or withdrawn. The Canadian Government reminds the Netherlands Government that, as explained in its note of April 4th, although bills will be presented for

the sake of convenience in terms of dollars, actual payment in respect of the sums due to each of the three supplying Governments will be requested in currencies acceptable to those supplying Governments. The Canadian Government will, of course, be prepared, in consultation with the Governments of the United Kingdom and United States, to consider any representations which the Netherlands Government may wish to make in regard to particular items in the bills as presented.<sup>1</sup>

Accept etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

121.

DEA/2295-AH-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-794

Ottawa, March 18, 1946

SECRET. Following for Ritchie from Pierce, Begins: Italian indebtedness for military relief.

Following your call from Georgia I canvassed opinion in our Department and Finance on the informal suggestion from the United States authorities that military relief claims against Italy be waived to facilitate acceptance of the United States view that Italy should not pay reparations.

It is our opinion that the claim for civilian supplies is preferred and should be first charge against the Italian economy. There is precedent for this view in the Potsdam formula that made essential imports first charge against exports.

If we were to waive our claim for military relief against Italy, we would find it most awkward to maintain our claim against our Allies in Western Europe. We think it would be easier to differentiate between military relief and reparations than between Italy and, say, The Netherlands, whose request for relief from payment we have refused to recognize.

However, if during the peace talks it becomes evident that Italy is bankrupt and that reparations cannot be provided, it may be evident also that Italian resources make it impossible for Italy to pay for military relief. There might, under such circumstances, then be justification for waiving our military relief claims against Italy.

<sup>1</sup> Le 27 mars, le Cabinet a approuvé un accord selon lequel les Pays-Bas annuleraient les dettes de l'Armée canadienne et payeraient quatre millions de dollars au Canada en échange des surplus canadiens aux Pays-Bas.

<sup>1</sup> On March 27, the Cabinet approved an agreement whereby The Netherlands would cancel the debts of the Canadian Army and pay four million dollars to Canada in return for Canadian surpluses in The Netherlands.

122.

DEA/2295-AH-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-813

Ottawa, March 20, 1946

IMMEDIATE. Following for Ritchie from Pierce, Begins: Your WA-1188 of March 14th,† military relief payments.

We propose including the following sentence in our settlement notes: "Payment will be accepted in Canadian dollars owned or accruing to the government of the paying country or its residents or derived from the sale of gold or United States dollars to the Canadian Foreign Exchange Control Board."

We propose asking that payments should be forwarded to the Department of Finance and made out to the Receiver General of Canada in trust. The Department of Finance can make appropriate arrangements to have the funds placed in a suspense account if the United States and United Kingdom also set up suspense accounts. The proposed method of handling payments will permit the arrangements made to conform to the course followed by the other countries.

There are no specific Payments Agreements to which we need refer. Ends.

123.

DEA/2295-AH-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-1318

Washington, March 22, 1946

Following for Pierce from Stone, Begins: Reference my letter of March 20th,† Tri-Partite Settlement Committee.

The Secretariat of the Committee has now computed the actual amounts of the obligation of the Governments of Northwest Europe to the three supplying Governments in the currency in which payment is to be made in respect of the combined bills presented through December 31st, 1945. The figures are as follows:

Country	<i>Total United States Dollar Value of Bills Presented through December 31st, 1945</i>	<i>Proportion due to the U.S.A. in United States Dollars</i>	<i>Proportion Due to the United Kingdom in Pounds Sterling</i>
France	44,872,125.15	28,718,160.10	3,669,839.23
Belgium	31,959,283.84	20,453,941.66	2,613,770.42
Netherlands	17,937,489.36	11,479,993.19	1,467,006.56
Luxembourg	926,430.11	592,915.27	75,767.52
Norway	567,183.02	362,997.13	46,386.72

*Proportion Due To Canada in  
Canadian Dollars*

France	1,480,765.31
Belgium	1,054,645.83
Netherlands	591,931.22
Luxembourg	30,571.88
Norway	18,716.85

Ends.

124.

DEA/2295-AH-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-1450

Washington, April 2, 1946

IMMEDIATE. SECRET. FOR IMMEDIATE ACTION. Following for Pierce from Ritchie, Begins: Your EX-794 of March 18th, Italian indebtedness for Military Relief.

State Department officials are most anxious that discussion of this subject be transferred from Washington to London and that discussion there among the United States, United Kingdom and Canada should commence as soon as possible in order that the present views of the three Governments might be examined in the light of the difficulties which the negotiators of the Italian Peace Treaty have encountered in connection with related discussions on reparations. The United Kingdom officials in Washington have agreed that these discussions might more profitably take place in London than here. I have been asked, therefore, to enquire again whether you would be willing to instruct the High Commissioner's office in London immediately to contact Jacques Reinstein through the United States Embassy in London and E. R. Copleston in the United Kingdom Treasury with a view to discussing the tentative United States proposal that consideration be given to the feasibility of cancelling Italian indebtedness under the Military Relief arrangement in order to facilitate the discussion of the Italian Peace Treaty.

There would seem to be several points on which the High Commissioner's office might request clarification from Reinstein at an early stage in any such discussions.

1. Is the United States or United Kingdom expecting to receive reparations from Italy (apart possibly from the proceeds of certain Italian assets in their custody)? It is my understanding of the general United States position that they are not claiming reparations and wish to dissuade others from entering such claims by demonstrating their conviction that the Italian economy cannot bear any substantial reparations or repayment burden. They feel that their position in withstanding the claims of others for reparations would be substantially strengthened if they could say not only that they are refraining from entering any claim for reparations on their own behalf but that they are even cancelling their claim for repayment of costs incurred by them in the provision

of Military Relief supplies to Italy. I understand from Luthringer of the State Department that the United States negotiators feel they have been manoeuvred into such a position that they appear to be opposing the claims of the Greeks, Yugoslavs and Albanians while the U.S.S.R. appears to be championing the cause of those countries. They are, of course, anxious to extricate themselves from this position and also to make progress with the general discussion of the Peace Treaty.

2. Is it considered that the Italian economy is incapable of making payments for Military Relief even if the Military Relief claim were to be given a priority higher than any reparations claims (Saving message No. 11 of October 2nd from the Dominions Office to External Affairs indicated that the United Kingdom would expect the Military Relief claim to merit a prior charge on Italian ability to pay)? Conceivably, Reinstein might admit that the Italians would be able to pay for Military Relief supplies if those claims were given precedence over reparations claims and yet at the same time oppose the granting of such priority on the ground that even if such a priority were to be secured in the negotiations the pressing of the Military Relief claim would encourage the pressing of reparations claims in such a manner that they could not be withstood and on such a scale that they would exhaust the Italian economy beyond hope of recovery. A judgment on the possible implications of the establishment of a first priority for Military Relief charges, it would seem to me, can best be made in London where officials are in possession of the statistical facts required and are in a position to judge the probable reaction of other countries whose interests are affected.

3. If either the United Kingdom or Canada were to withhold their concurrence in the proposed cancellation, would the United States representatives nevertheless proceed to state in the Peace Treaty discussions that they intend to waive their claim against Italy? I should consider that the general Military Relief agreement and the specific understanding concerning joint collection and settlement would require the United States to secure the concurrence of both the United Kingdom and Canada before taking any such action, since such action by them would prejudice the claims of the other two countries against Italy and might prejudice the claims of all three countries against other Governments from which payment is expected. If this is your understanding of the position you will probably wish to have the High Commissioner's office inform Reinstein accordingly. As indicated in my WA-4593 of September 19th concerning a note which was to be presented to the Italian Government regarding its liability to pay for Military Relief supplies I had advised Mr. Luthringer of the State Department in writing of our expectation that consultation would take place on any settlement to be proposed in the Peace Treaty discussions concerning the United States or United Kingdom claims since "any decision of this nature would affect the ability of the Canadian Government to secure a settlement of its share of the joint claim and . . . our interests should be consulted before any action is taken which might compromise our claim". I have reminded the State Department officials of this statement of our understanding. You might consider it desirable that the

officer concerned in the High Commissioner's office remind Reinstein of our position on this point.

4. Even if agreement were to be reached among the United States, United Kingdom and Canada would not the explicit (and possibly public) waiver of the claim against Italy at this particular time, when we are at long last presenting bills for payment by the Western European allies, have an adverse effect on the prospects of collecting from Western European countries, and might it not even have undesirable political consequences if the public in the Western European countries were to feel that Italy was receiving preferred treatment?

If the United States and/or the United Kingdom were to insist that an explicit cancellation of their claim against Italy must be made at this time in order to facilitate the Peace Treaty discussions but the Canadian authorities found themselves unwilling to waive their claim we should presumably have to consider what action should be taken to protect our position. The only source from which it would seem possible for us to secure repayment would appear to be Italian assets in Canada (to the extent that they are not exhausted by other claims), possibly the Canadian dollar equivalent of the lire provided for the maintenance of Canadian troops in Italy during the war, and possibly the Canadian dollar proceeds (if any) of Italian exports. You will doubtless wish to consider the possible nature of a Canadian settlement with Italy in the event that the United States and/or United Kingdom were to insist on waiving their Military Relief claims at this time for reasons of high policy. If your consideration were to indicate that Canada might make a "satisfactory" settlement with Italy despite any waiver by the United States or United Kingdom you might be less inclined to oppose such a waiver by them. Ends.

125.

DEA/2295-AH-40

*L'assistant du directeur, la Commission canadienne d'aide mutuelle,  
au ministère des Affaires extérieures*

*Assistant to the Director, Canadian Mutual Aid Board,  
to Department of External Affairs*

Ottawa, April 4, 1946

ATTENTION: MR. LEPAN

Dear Mr. LePan,

In a telephone conversation yesterday April 3rd, 1946, (Mr. LePan—Capt. Littlepage) you requested the latest available figures regarding Canadian Military Relief Supplies to Italy. The following figures cover shipments from the inception of Military Relief through July, 1945, and no further shipments are contemplated.

Wheat	\$ 27,364,342.92
Fish, Mining Supplies, School Supplies and Newsprint Paper	806,202.75
	<hr/>
	\$ 28,170,545.67

This is the amount of our claim in Canadian Dollars against Italy. The ocean freight, which is paid by and credited to the carrying nation, is in addition and we are advised by our Washington Office that the total landed costs in Italy of the above supplies is \$32,601,233.00 U.S. Funds.

The amount does not take into consideration (a) Issues from Military Stocks, (b) issues of Petroleum, Oil and Lubricants, (c) disposal of End stocks, (d) diversions or losses at sea, (e) diversions from U.K. stocks originally supplied as Mutual Aid and not yet reported by the U.K.

The original figure of around \$50,000,000.00 which was previously supplied, was an estimate of supplies of all natures, based on best available figures at the time.

After the month of May, 1945, we refused to ship further supplies of Wheat and other Foodstuffs to Italy for the reason that it was felt that supplies of this nature, on and after June, 1945, should be wholly for Northwest Europe to the exclusion of Italy.

Yours faithfully,

A. MURRAY McCRIMMON  
Colonel

126.

DEA/2295-AH-40

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

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

No. 18

Ottawa, April 10, 1946

Excellency,

I have the honour to refer to my note No. 12 of April 4th, 1945, which sets forth the procedures being followed in presenting bills to the Government of Norway for civilian supplies furnished by the combined military authorities of the United States, the United Kingdom and Canada. This note states that, although as a matter of convenience such bills are being presented in terms of U.S. dollars, payment will be requested from the Norwegian Government in currencies acceptable to the supplying governments.

By December 31st, 1945, itemized bills totalling \$567,183.02 (U.S. dollars) had been presented to the Norwegian Government (or agencies thereof) by agencies of the combined military authorities of the United States, the

<sup>1</sup> Des notes semblables furent envoyées aux représentants à Ottawa des gouvernements de la Belgique, de France, des Pays-Bas et par l'entremise de ce dernier au gouvernement de Luxembourg pour les sommes suivantes (en dollars américains): Belgique, \$31,959,283.84, France, \$44,872,125.15, Pays-Bas, \$17,937,489.36, Luxembourg, \$926,430.11.

<sup>1</sup> Similar notes were sent to the representatives in Ottawa of the Governments of Belgium, France, The Netherlands, and through the latter to the Government of Luxembourg for the following amounts (in U.S. dollars): Belgium, \$31,959,283.84, France, \$44,872,125.15, The Netherlands, \$17,937,489.36, Luxembourg, \$926,430.11.

United Kingdom and Canada. The identifying numbers, dates of presentation and amounts of these bills are shown in the attached list.† It has now been determined that, to meet the Norwegian Government's obligation to each of the supplying governments for these bills, payment should be made as follows:

To the Government of the United States in U.S. dollars — 64 per cent.

To the Government of the United Kingdom in pounds sterling — 33 per cent.

To the Government of Canada in Canadian dollars — 3 per cent.

From time to time the Norwegian Government will be provided with similar statements of the currency percentages to be used in making payment for bills presented subsequent to December 31st, 1945. These percentages will be established with a view to providing the amounts of the specific currencies required to accomplish final financial settlement among the supplying governments for their respective shares in the programme.

Payment of the \$18,716.85 (Canadian funds) found to be due to the Canadian Government should be forwarded to the Department of Finance, Ottawa, for the Receiver General of Canada. The Canadian Government will accept in payment Canadian dollars available in Canada or accruing in Canada to the government of the paying country or its residents, or derived from the sale of gold or United States dollars to the Canadian Foreign Exchange Control Board.

Accept etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

127.

DEA/2295-AH-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-1683

Washington, April 19, 1946

SECRET. Military Relief Indebtedness. The United States authorities have been giving consideration recently to the relationship between the settlement of military relief indebtedness and their foreign lending plans. Secretary of the Treasury Vinson and Assistant Secretary of State Clayton have had several discussions on this subject during the past week and preliminary consideration has been given to it in the National Advisory Council. The view is being expressed on the United States side that they cannot hope to collect military relief payments (at least in the immediate future) without having to lend an almost equivalent amount to such paying countries. As requests being received from such countries for reconstruction loans already exceed by a substantial margin the present and prospective lending power of the Export-Import Bank,

the United States authorities are considering whether the military relief indebtedness should not be funded or cancelled altogether in order to make it possible for liberated countries to devote the limited loans which they can secure from the United States entirely to meeting present reconstruction requirements. The development of a policy decision on this subject has become a matter of considerable urgency in view of the relevance of such a decision to the loan negotiations which are now proceeding with the French and certain other western European countries. Accordingly, Mr. Collado (Deputy on financial matters to Clayton), has asked us formally to discuss with him and other United States officials concerned the following points as early as possible next week:

(1) Would the Canadian authorities be prepared to join with the United States authorities in cancelling all military relief indebtedness, possibly in return for certain intangible benefits (e.g., agreement on general commercial policy, etc.)? Collado could not say with certainty that the National Advisory Council would decide to cancel the United States share, even if Canada and the United Kingdom were prepared to do likewise. He reports, however, that the majority opinion in all discussion to date on the United States side has favoured such a cancellation.

(2) If the proposal in the above paragraph proves unacceptable, would the Canadian authorities be prepared to join the United States in funding the indebtedness in such a manner that repayment could be spread over a period of, say, 30 years on terms which might be similar to those provided in the "3-C" Lend-Lease Agreements (i.e., 30 years with interest at 2½ per cent)?

(3) If the Canadian authorities are not prepared to join in either cancelling or funding this indebtedness, would they be prepared to release the United States authorities from such obligations as might exist requiring some degree of uniformity in treatment of military relief claims in order that the United States might either cancel or fund the United States share? Collado appreciates that the United States authorities are under an obligation not to prejudice the Canadian or United Kingdom claim by any settlement which the United States might make. He recognizes that the United States could scarcely proceed with a cancellation of their share without securing the consent of the United Kingdom and Canada, since such a cancellation would almost certainly jeopardize the other claims, even though the United States arrangement for cancellation were to include a specific statement that such cancellation should be regarded as affecting in no way the validity of the Canadian and United Kingdom claims. He expressed some doubt, however, that the United States would be bound to refrain from funding the indebtedness if the United Kingdom and Canada were to withhold their explicit approval of such action since, in his view, such a funding would cast no doubt on the validity of the other claims and would leave the United Kingdom and Canada free to arrange whatever settlements they could with the debtor country.

(4) In addition to the above points relating to the indebtedness of countries from which previously payment had been expected, the question of the

time and manner of settlement with Italy would also require discussion. As indicated in previous communications from this Embassy, the original intention had been that this particular topic should be discussed in London in connection with the general discussions which were then proceeding concerning the Italian Peace Treaty. In view of the fact that the staffs concerned with the general peace treaty discussions have had to intensify preparations for the Paris meeting, the United States Embassy in London has suggested that this particular aspect of the subject might now better be discussed in Washington. We are, of course, familiar with your view in the form originally reported to us and in the form communicated to the High Commissioner's office in London, but for the purpose of discussing this subject next week we should be grateful to learn whether there has been any modification of your view as a result of anything that may have been reported from London in the interval. Incidentally, we have been somewhat confused by a remark in telegram No. 932 of April 11th<sup>†</sup> from the High Commissioner to the Secretary of State that "(the United Kingdom) recognize the United States argument that the waiver of the claims for military relief would strengthen the claims of others for reparations". Our understanding of the United States argument has been just the reverse of that stated in telegram No. 932. We had understood the United States position to be that while a waiver of the military relief claim might strengthen (or at least, not weaken still further) the Italian economy, it would weaken the claims of others for reparations on the ground that if the United States were to waive the military relief claim the United States representatives could then argue that other countries should follow that example and waive their claims for reparations.

In view of the urgency which the United States authorities attach to a decision on these matters, and in view of the desirability of making known our views to them at as early a stage as possible, in their consideration of the problem we should be grateful if you would provide us with your preliminary views on the above points as soon as possible next week in order that we might discuss them with Collado.

Collado intimated that the United States had not yet taken up these points with the United Kingdom but that he was proposing to get in touch with Makins of the United Kingdom Embassy within the next day or two. On this point Collado enquired whether we would prefer to have bilateral or tri-lateral discussions. We refrained from expressing any view at this stage, but if it appears that our view is closer to the United Kingdom than to the United States, it might be better to have trilateral discussions in order that the United States might not play off the United Kingdom against Canada and vice versa. However, as we did not wish to anticipate what your views would be on the United States proposals, we deferred making any suggestion as to the nature of the discussions which might take place until we could learn your general views. After we receive your views we shall, of course, enquire concerning the United Kingdom views at the same time as we discuss them with the United States.

128.

DEA/2295-AH-40

*Le sous-ministre des Finances au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Finance to Under-Secretary of State for External Affairs*

Ottawa, April 23, 1946

Dear Mr. Robertson,

RE: U.S. ACTION ON MILITARY RELIEF INDEBTEDNESS

We have noted with some concern teletype No. 1683 of April 19th, regarding the views of the U.S. authorities on the collection of Military Relief payments and asking our Embassy to consult with the Department of State and other U.S. officials on several points early next week.

We note that the views of the American authorities are that these amounts owed by the countries which received Military Relief are so large that they cannot be paid without necessitating substantial loans either for that purpose or for other purposes which might otherwise be met by the funds required to discharge this indebtedness, and that consequently the U.S. authorities are considering whether this Military Relief indebtedness should not be funded or cancelled altogether.

The view of this Department, put very briefly, is that these claims should not be cancelled or waived, but that we should be prepared to consider any reasonable proposal for funding the indebtedness of any country which could demonstrate that immediate payment would cause it substantial difficulty.

We believe that cancellation of these obligations would be a serious and undesirable move at the present time. We have asked these countries to pay and indicated clearly that we expect all those who can pay at all to do so. If at the first sign of difficulty we agree to cancel these debts, it might well encourage these countries to expect that other debts contracted at this time for the purchase of supplies to feed their people, following Military Relief activities, or for reconstruction purposes, would in due course be cancelled or generously adjusted. We believe that this argument should apply and appeal to the United States just as much as to Canada.

In our own particular case, we are making quite substantial payments to Belgium and Holland, in one way or another, for supplies obtained by the Canadian Army from these countries, and one of the arguments which we have used, and expect to use, to justify these payments is that these countries were charged for the supplies which the Army provides to them. When these settlements in respect of goods and services for the Canadian Army were adjusted and arranged, it was expected on both sides that payment for Military Relief supplies would be made. Even in the case of Holland, which has formally requested waiver of these claims, there has been some recognition of the justification of Canada's maintaining this claim, when she has recognized the claim of Holland in respect of supplies and services furnished to

the Canadian forces. This argument, of course, does not apply as much in the case of the United States as it does in the case of Canada, but it is one that we must recognize to a considerable degree in our own case at least.

A further argument on the question of cancellation, and one which I think would apply to the United States, though your Department will be better able to judge this, is that the funds for the purpose of Military Relief have been obtained from Parliament on the understanding that bills would be presented and claims would be maintained in respect of the supplies so furnished. It has been recognized, of course, that some of the countries, particularly Greece, Yugoslavia and Italy, would likely be unable to pay, but it has been expected right along that France, Belgium, Holland and Norway would be in a position to pay. In our own case, at least, it would probably be necessary to get specific authority from Parliament to cancel these obligations, and it would be very difficult to justify such cancellation publicly and on the arguments put forward in the teletype of April 19th, and, indeed, for that matter, even on the argument put forward by the Netherlands Government in their earlier note applying to their own case.

The amounts likely to be owing to Canada by these various countries, we understand, will be relatively modest, probably not exceeding thirty or forty million dollars in all, and perhaps not more than ten or fifteen million in any individual case, as far as we can tell at this time. These amounts of Canadian dollar payments do not seem large in relation to the foreign exchange assets of the countries concerned, nor in relation to the credits which Canada is making available to them. Consequently we would think it is not impossible for them to pay us even in cash at this time.

On the other hand, the amounts payable to the United States are likely to be quite large, and those payable to the United Kingdom also large. The latest information on our files on this matter is a note of the Secretariat of the Tripartite Settlement Committee, sent by our Embassy on February 1st, which shows an estimate of \$603,000,000 payable to the U.S. and \$311 million payable (in sterling) to the U.K., presumably covering the four Western European countries. These sums are substantial in relation to the immediate cash resources of these Western European countries.

In view of this situation, I think we should be prepared to consider any reasonable arrangement for funding the indebtedness represented by these claims, either on a combined basis or on a separate basis to be worked out by each of the supplying countries with each of the recipient countries concerned. Such funded obligations should, I believe, carry interest at a rate appropriate to the period over which repayments will be made. I think it would be well to have repayments commence almost immediately before these Western European countries have satisfied all their borrowing requirements, so that this claim would be recognized by some payment while it is still very much in the interests of these countries to maintain their credit and the financial goodwill of the three supplying governments.

I assume that it will be possible to arrange any funding that is decided upon in such a manner as to carry out the original intention of the parties in respect of the sharing of losses. This funding, particularly if it is applied to the countries which had not expected to be able to pay, may cause some difficulties in that connection, and it may be necessary to do some further work in the allocation of payments with this in mind.

This last point raises a further question to which attention ought to be given. If we are to agree that even the Western European countries cannot pay these bills immediately and that, therefore, we should fund the indebtedness, should we not fund also the indebtedness of the other recipient countries as well, rather than simply recognize their inability to pay? This may cause some difficulty, not only in the allocation of the obligations to the various supplying countries, but also in future through burdening Italy, Greece and Yugoslavia with heavy obligations which they cannot possibly meet and on which they will have to default repeatedly. In other words, it will exaggerate the difficulties of collecting from those who can pay and letting off with default those who cannot. In all the circumstances, I can see no satisfactory answer to this difficulty, however, if immediate payment is out of the question for the Western European countries.

Do you feel that any Ministerial or Cabinet action is necessary on this question before the official Canadian views are put forward in Washington? If so, perhaps it would be well to have this brought up at a Cabinet meeting this week.

Yours very truly,

W. C. CLARK

129.

DEA/2295-AH-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-1715

Washington, April 23, 1946

SECRET. Our WA-1683 of April 19th, cancellation or funding of Military Relief indebtedness.

As intimated in my previous teletype Collado has now approached the United Kingdom with his problem. While the United Kingdom representatives here were not in a position to comment formally on the various proposals at the time, they indicated their expectation that London would be unlikely to favour cancellation of the indebtedness but might find the funding version of the proposal less repugnant.

Yesterday an informal group representing the United States, United Kingdom and Canada examined some calculations which had been made in the State Department of the effect which a cancellation would have on each of

the three supplying Governments. The results of these calculations are reported in my immediately following teletype (WA-1716). As will be seen from the calculations made on assumptions A and B the United Kingdom could be the only country to receive any payment if a cancellation arrangement were to be adopted. The United Kingdom representatives asked the United States whether the United States Government would undertake to pay directly to the United Kingdom the amount by which the United States contribution to initial financing had fallen short of the United States share of the loss resulting from a cancellation. The State Department officials present at yesterday's meeting were not in a position to give any such assurance. The United Kingdom representatives are referring these calculations to London and are asking London for the United Kingdom Government's views. They are asking whether the results which might be expected on the basis of present calculations would be acceptable to the United Kingdom if the United States and Canada were to guarantee payment to the United Kingdom of their respective deficits. They are asking also whether the results would be acceptable to the United Kingdom if instead of being guaranteed payment by the United States and Canada, the United Kingdom would have to collect (either on its own or with the assistance of the United States and Canada) from Governments which had received supplies.

In considering the cancellation version of the United States proposal reported in my WA-1683, you will doubtless wish to take account of the position revealed in these calculations. Although the figures on which the calculations were based are subject to change there would seem little likelihood that any changes can be expected which will improve the relative position of Canada. If a comparison is being made between the position of Canada under any cancellation arrangement and the position as it would be if present plans for collection were to be carried through, it should be noted that although teletype WA-464† and despatch No. 259† had indicated that \$30,400,000.00 would be collected by Canada, in fact the receipts due to Canada eventually probably would be less than that amount by some \$11,000,000.00 representing trucks which had been contributed originally to Military Relief but which, it is understood, the Canadian authorities have now sold as surplus outside the Military Relief arrangement. In other words the receipts which might be expected if collections were made would (subject to such other adjustments as might be required to take account of other developments) probably be nearer \$20,000,000.00 than \$30,000,000.00. If all claims against the receiving countries were to be cancelled Canada would at least lose these possible receipts.

If the Canadian authorities are prepared to consider any form of cancellation we should be grateful to know whether in your view the payments to the United Kingdom, which would seem to be required on the basis of present statistics, should be made by Canada and the United States or whether a partial claim should be maintained against the receiving countries to finance such cross payments as might be required.

You will doubtless have appreciated that one of the factors contributing to the difficulty in which the United States Government now finds itself in pressing Military Relief claims arises from the fact that the Administration, principally to facilitate passage of the United Kingdom loan, had given Congress assurance that all future loans would be made through the Export-Import Bank and that such loans during the next year would not require lending facilities in excess of \$3,250,000,000.00.

Whether in fact this commitment to Congress was necessary and whether if any commitment was to be made it could have been for a larger amount cannot of course be determined, but if the Administration is to keep this commitment it is felt by United States officials concerned, that it will not be possible for some countries (particularly France) to borrow from the United States sufficiently large amounts to meet their reconstruction and balance-of-payments requirements if they are asked at the same time to pay for Military Relief. (Presumably the same reasoning could be employed to demonstrate that UNRRA cannot make Military Relief payments and at the same time finance essential current relief and rehabilitation needs for those countries (principally Greece and Yugoslavia) whose limited supply budgets would have to be curtailed by amounts corresponding to the Military Relief payments which UNRRA would be required to make on behalf of those particular countries.)

If it is considered that the pressing of our several Military Relief claims would, in fact, impose on the Western European countries a foreign exchange burden which could not be met out of present foreign exchange holdings, current foreign exchange earnings, and available foreign loans without prejudicing the meeting of urgent reconstruction requirements and the restoration of a satisfactory international balance-of-payments, it might be desirable to consider a form of settlement which would combine current payment for some part of the Military Relief debt, deferred payment for some further part, and possibly cancellation of any remainder, if either the United Kingdom or Canada finds itself not prepared to participate in a complete cancellation arrangement. It may well be that the time has come for a combined (United States, United Kingdom, Canadian) formal examination of the balance-of-payments prospects and reconstruction needs of the various debtor countries under the Military Relief arrangement in order that satisfactory settlements (not necessarily uniform for all debtors or for all types of expendable and non-expendable goods) might be worked out and agreed upon, taking account of the extent to which the facilities of the Fund and Bank might be at the disposal of individual debtor countries.

In a subsequent teletype (WA-1717)† I am reporting certain estimates concerning the prospective Italian balance-of-payments. These estimates are relevant not only to the question of further financial assistance required by Italy but also to the question of the nature (and possibly the timing) of the Military Relief settlement with Italy.

130.

DEA/2295-AH-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-1716

Washington, April 23, 1946

SECRET. Our WA-1683 of April 19th and WA-1715 of April 23rd, cancellation or funding of Military Relief indebtedness. Certain calculations have been made here of the effect which a cancellation would have on each of the three supplying countries. In these calculations use has been made of the statistics reported to you in our WA-464 of January 26th† and our despatch No. 259 of February 1st.† *It is to be emphasized that these figures are imperfect in the respects indicated in our earlier communications.* Nevertheless they are the most satisfactory figures at present available. The only figure that has been improved since January is that for the UNRRA element in supplies shipped into the Balkans. As will be seen from the statistics presented in the present teletype, it is now estimated (by the Billing Sub-Committee of the CCAC) that UNRRA's debt to the three supplying countries for supplies taken over from Military Relief approximates 87.5 million dollars.

Three separate analyses of these statistics have been made to take account of the fact that any cancellation might be made on any one of three different assumptions:

*A. On the assumption that no payments will be received from [sic] Military Relief supplies from any recipient of those supplies, and that resulting losses will be shared in accordance with the existing loss-sharing formula.*

(In millions of dollars)

*Contribution*

United States	(66 %)	\$1073.2
United Kingdom	(29 %)	468.4
Canada	(5 %)	76.0
<b>Total</b>	<b>(100 %)</b>	<b>\$1617.6</b>

*Distribution of losses*

	<i>First \$400 million</i>		<i>All-over</i>		<i>Total</i>
United States	(67 %) 268.0	(74 %) 901.0	(72 %) 1169.0		
United Kingdom	(25 %) 100.0	(21 %) 255.7	(22 %) 355.7		
Canada	(8 %) 32.0	(5 %) 60.9	(6 %) 92.9		
<b>Total</b>	<b>(100 %) \$400.0</b>	<b>(100 %) \$1217.6</b>	<b>(100 %) \$1617.6</b>		

<i>Payments</i>	<i>U.S.</i>	<i>U.K.</i>	<i>Canada</i>	<i>Total</i>
Contribution	1073.2	468.4	76.0	1617.6
Share of loss	1169.0	355.7	92.9	1617.6
Receipts due:	-95.8	112.7	-16.9	0

In short, neither the United States nor Canada would receive payment from anyone and the United Kingdom would receive payment to the extent of only \$112,700,000.00, an amount representing the excess of her initial financing over her share in the losses. In the event of a total cancellation of all claims against recipient countries, Canada, in addition to writing off amounts already spent, would be expected to pay the sterling equivalent of \$16,900,000.00 United States to the United Kingdom.

B. *On the assumption that \$87.5 million will be paid by UNRRA for Balkan supplies but that no other Military Relief collections are made, and that resulting losses are shared in accordance with the existing loss-sharing formula.*

(In millions of dollars)

Contributions	\$1617.6
Receipts	87.5 — from UNRRA
Loss	\$1530.1

*Distribution of losses*

	<i>First \$400 million</i>		<i>All-over</i>		<i>Total loss</i>	
U.S.	(67 %)	268.0	(74 %)	836.3	(72 %)	1104.3
U.K.	(25 %)	100.0	(21 %)	237.3	(22 %)	337.3
Canada	(8 %)	32.0	(5 %)	56.5	(6 %)	88.5
Total		\$400.0		\$1130.1		\$1530.1
<i>Payments</i>		<i>U.S.</i>		<i>U.K.</i>		<i>Canada</i>
Contribution		1073.2		468.4		76.0
Share of loss		1104.3		337.3		88.5
Receipts due		—31.1		131.1		—12.5
						87.5

Under this assumption also, neither the United States nor Canada would receive any payment, and the United Kingdom would receive payment only to the extent of \$131,100,000.00. In the event of such a cancellation of claims against all recipients except UNRRA, Canada, in addition to writing off amounts already spent, would be expected to pay the United Kingdom the sterling equivalent of \$12,500,000.00.

C. In the two series of calculations made above it has been assumed that the original loss sharing formula would be adhered to. *It might be decided to discard the loss sharing formula*, in which event each country would lose the amount which it had put into the financing of Military Relief (except for such recoveries as might be made from UNRRA if it were decided that the reasons which seemed to call for a cancellation of claims against western European countries were not similarly applicable to UNRRA).

In all the above calculations it has been assumed that any cancellation would be a complete cancellation. In fact, of course, it would be possible

to make the cancellation only partial, and to require the countries which had previously been assumed to be prospective payers to make payments (immediately or over a period of time) in sufficient volume at least to render it unnecessary for Canada and the United States to pay the United Kingdom. The retention of such a partial claim might be on the fairly arbitrary basis of securing the agreed distribution of losses, or on the basis that while claims for expendable supplies could properly be waived, payment for non-expendables (e.g., transportation equipment, etc.) should be required. Some calculations are being made of the amount which would be paid by the western European countries if they were to be billed for non-expendable items only. Until these calculations are completed it will not be known whether the retention of the claim on this basis would yield even sufficient proceeds to avoid the necessity of payment being made by Canada and the United States to the United Kingdom.

All of these calculations have been made without any implication that either Canada or the United Kingdom is willing to participate in any cancellation of the Military Relief claim.

131.

CEW/Vol. 2154

*L'assistant du directeur, la Commission canadienne d'aide mutuelle,  
au deuxième secrétaire, l'ambassade aux États-Unis*

*Assistant to the Director, Canadian Mutual Aid Board,  
to Second Secretary, Embassy in United States*

Ottawa, April 26, 1946

Dear Mr. Ritchie,

RE: F.W.D.H.A.R. TRACTORS, TRAILERS AND DOLLIES—CAP NOS. 28 AND 98

Under date of February nineteenth I wrote you regarding the above items, procured by Canada to meet a Military Relief requirement of S.H.A.E.F.<sup>1</sup>, being a quantity of 1,498 Tractors and Trailers, and 300 Dollies.

As previously advised, all the Tractors, Trailers and Dollies were called forward for shipment by the Theatre Commander and were actually shipped from Canada prior to the termination of Military Relief. In November, however, the Theatre Commander cancelled 1,160 of the Trucks originally called forward after they had been shipped from Canada and unloaded in the United Kingdom.

In August or September, while I was still in the United Kingdom, some 1,100 odd Trucks and Trailers were reported by the War Office to be in British Depots throughout England. However, when Mr. Karl C. Fraser was in the United Kingdom the latter part of March and early April of this

<sup>1</sup>Supreme Headquarters Allied Expeditionary Force.

year, the War Office was unable to locate any of the vehicles. It is, therefore, apparent that the Trucks have either been disposed of by the British without authority, or else they were delivered as Military Relief.

In view of the above facts, we propose to show the entire quantity of Trucks, Trailers and Dollies as part of Canada's contribution to Military Relief and it is suggested that you so inform the proper C.C.A.C. authorities accordingly.

In the event that the British are able to locate the vehicles in the United Kingdom and will deliver them to the London representative of the Canadian War Assets Corporation, we will authorize him to sell same and the proceeds can be credited to Military Relief and thereby reduce the loss but, in the event of failure to deliver the vehicles, then the entire value of these items should be shown in Canada's Military Relief commitment.

In order to assist the British in locating the Trucks, Trailers and Dollies, I am attaching hereto two copies of a list† showing T.C. Permit number, name of boat, port of loading, date of sailing, and port of consignment, with the quantities of vehicles carried in each boat. The fifty Tractors and Trailers on the *Sam Lister* were reported diverted to Rotterdam and turned over to the Dutch authorities as Military Relief. We assume that the ten Dollies accompanied these Trucks and Trailers. However, we have no specific advice on this point and have so far been unable to obtain any information as to delivery of the Dollies.

Yours faithfully,

A. MURRAY McCRIMMON  
Colonel

132.

DEA/2295-AH-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*

TELEGRAM WA-1798

Washington, April 27, 1946

Following for Pierce from Ritchie, Begins: Military Relief. Treatment of Italian indebtedness. Luthringer, Chief of the Division of Financial Affairs in the State Department telephoned me yesterday to say that Reinstein had enquired urgently whether he could expect to receive by last night instructions which would permit him to announce in the Peace Treaty discussions that the United States was cancelling its Military Relief claim against Italy. Reinstein had expressed the view that if such an announcement could not be made immediately, the United States delegation would have to exclude

from consideration in the development of their immediate tactics any expectation that a Military Relief cancellation could be used as an argument against the claims of others for reparations from Italy and would have to proceed with the development of other arguments to counteract reparations claims.

Luthringer remarked that from the report which he had received on conversations in London between Reinstein, Sir David Waley<sup>1</sup> and a representative of the Canadian High Commissioner he felt there was no hope that the United States delegation could assume, or announce, at least for the present, that the Military Relief claims against Italy were being cancelled. In these circumstances he thought it best to let Reinstein know that the immediate plans for the Italian Peace Treaty discussions should be made on the assumption that the fate of the Military Relief claims will continue to be uncertain at least for some little time and that accordingly other arguments would have to be used for the present in combating reparations claims. Luthringer proposed so to instruct Reinstein by telephone immediately unless we could inform him at once that the Canadian Government favoured an immediate and explicit cancellation of the claims against Italy. In the latter event he would take the matter up again with the United Kingdom authorities and if they also were found to be in a position to agree immediately to a cancellation of the Italian claim he could give Reinstein at once the instructions he referred. Unless, however, there had been a favourable change in the Canadian position since the discussions in London he thought there was no point in his pressing the United Kingdom for immediate agreement. In any case, on the advices received from London, as recent as Thursday, Luthringer was not particularly hopeful that the United Kingdom would agree immediately even if Canada as well as the United States favoured the proposal.

I told him that on the basis of telephone conversations which I had had with you within the preceding day or so there seemed to me no basis for expecting an immediate decision concerning the Canadian position on the claim against Italy and certainly no reason to expect that such a decision when taken would necessarily be favourable to cancellation. I pointed out to him that the recent United States enquiries concerning the possibility of general cancellation or funding obviously complicated further any decision concerning Italy. I remarked that if there was any prospect of a general cancellation it would clearly be desirable, from the point of view of our relations with the Western European countries to delay an announcement of the Italian cancellation until an announcement could be made of a general cancellation. I remarked that the word which I had received informally from Ottawa indicated, however, little likelihood of our favouring a general cancellation at this time. In the event that the Canadian authorities were to express a preference for the funding version of the general United States

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<sup>1</sup> Sous-secrétaire de la Trésorerie de Grande-Bretagne.

<sup>1</sup> Under-Secretary of Treasury of Great Britain.

proposal, similarly it would seem desirable to defer any decision or announcement concerning Italy until the Western European countries could be advised that their indebtedness also was to be funded. I added that if the funding version were to be adopted it would be difficult to grant an outright cancellation of the claim against Italy since although the Western European countries would doubtless be pleased to learn that payments required from them were being funded rather than demanded immediately they might reasonably maintain that the ability of a country to pay under a funding arrangement depended not on the immediate balance-of-payments prospects of that country but upon the prospects over a period extending from now until some date possibly 30 years hence. Accordingly the Western European countries (and indeed we ourselves) might well feel that although there might be some basis for distinguishing between Italy and the Western European countries if immediate payment had been demanded it would seem rather speculative and even discriminatory to maintain such a distinction if payment is to be deferred and spread over a period of several years. In short there would seem to be less reason for distinguishing between Italy and the Western European countries if the fund proposal were to be adopted than there is now when we are thinking in terms of an immediate-payment arrangement. I said that I would of course be glad to telephone Ottawa immediately to ascertain whether any definite decision had been taken on Italy if Luthringer so desired. He said that in the circumstances it probably would be safest to instruct the United States delegation to present their case against reparations without making any allowance for the possibility of an explicit cancellation of the Military Relief claim against Italy. If it subsequently appears that no progress can be made in the Paris discussions unless the Military Relief claim is waived it might be possible by that time to issue new instructions if the United States, United Kingdom and Canada have agreed by then on the Military Relief settlement to be made with Italy. Accordingly Luthringer said he thought it unnecessary to ask Ottawa's views at this time but he expressed the hope that the Canadian authorities would continue their consideration of the possible necessity for making Italy a special case, both because of the specially grim financial prospects for Italy, and also because of the fact that the Italian claim may have to be disposed of at an early date if the negotiators of the reparations aspects of the Italian Treaty again reach an impasse.

In connection with the above report on my conversation with Luthringer you may have noticed in this morning's newspapers an Associated Press despatch of last night from Paris that the Foreign Ministers meeting in Paris had agreed that "Italy should pay reparations within her ability to pay", and that "The United States, which previously had opposed any reparations from Italy acceded to Russian demands for some payment with the provision that a Committee of experts should investigate the Italian economy to determine what amount the country could pay". Ends.

133.

DEA/2295-AH-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-2031

Washington, May 14, 1946

IMMEDIATE. FOR IMMEDIATE ACTION TOMORROW MORNING. Following for Pierce from Ritchie, Begins: Reference my teletypes WA-1715 and WA-1716 of April 23rd, your EX-1264 of May 10th,† and related telephone conversations concerning the United States proposal to cancel or fund military relief indebtedness.

As I indicated to you by telephone on Saturday, Assistant Secretary of State Clayton and Secretary of the Treasury Vinson had found unacceptable the proposal put forward by the United Kingdom on Friday that each of the three supplying Governments should collect from the northwest European countries a flat percentage of their respective claims to yield an amount sufficient at least to compensate the United Kingdom (and possibly Canada) for any amount expended in excess of its agreed share of the loss. Similarly the United States authorities considered themselves unable to assure the United Kingdom that payments amounting to at least 225 million dollars (i.e. the amount allowed for military relief in the United Kingdom balance-of-payments estimates discussed in the United States-United Kingdom loan negotiations) would be forthcoming either from the northwestern European countries or from the United States directly. Accordingly the State Department suggested that a meeting of representatives of the three supplying Governments should be held on Monday to discuss the matter further.

The meeting on Monday was attended by Mr. Luthringer, Deputy on financial affairs to Assistant Secretary of State Clayton, together with members of his staff and two officers of the United States Treasury; Jackling of the United Kingdom Embassy, Lee and Christelow of the United Kingdom Treasury delegation; Bryce, Murray and myself on the Canadian side. At the outset of the Monday afternoon meeting the State Department officials handed formally to the United Kingdom and Canadian representatives a memorandum, the text of which is reported in a following teletype, WA-2032. Mr. Luthringer in handing us this memorandum explained the circumstances, with which you are already familiar, which gave rise to the United States proposal. He remarked that the percentage division indicated was intended to apply specifically to the northwest European bills and need not necessarily apply to the expected payments for end stocks in Germany and Austria or to the expected payments from UNRRA for supplies transferred in the Balkans. The question of the appropriate division of these payments could be left for subsequent discussion, but there was some presumption that the percentages applied to the northwest European bills might well be regarded as applicable to these other payments.

Although the detailed calculations behind the suggested percentages were not discussed at the meeting I was given to understand by the officer who developed the percentages that they were based on the following calculations (in millions of dollars):

Contribution	\$1617.6	
Receipts due	794.5	(i.e. 605 from northwest Europe; 102 from end stocks in Germany and Austria; and 87.5 from UNRRA).
 	<hr/>	
Loss	823.1	(including, in addition to supplies shipped to Mediterranean area, some 237 assumed irrecoverable from northwest Europe as a result of loss of receipts, spoilage, pilferage, etc.)

*Distribution of losses*

	<i>First \$400 million</i>		<i>All-over</i>		<i>Total</i>
United States	67 %	268.0	74 %	313.1	581.1
United Kingdom	25 %	100.0	21 %	88.8	188.8
Canada	8 %	32.0	5 %	21.2	53.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	100 %	400.0	100 %	423.1	823.1

*Summary—*

	<i>United States</i>	<i>United Kingdom</i>	<i>Canada</i>	<i>Total</i>
Contribution	1073.2	468.4	76.0	1617.6
Share of loss	581.1	188.8	53.2	823.1
	<hr/>	<hr/>	<hr/>	<hr/>
Receipts due	492.1	279.6	22.8	794.5
	62 %	35 %	3 %	100 %

You are of course already aware of the imperfections in the basic figures on which these, or any other calculations at this time, are based. Parenthetically I might remark that no allowance is made in the State Department calculations for the probable transfer of \$8 million (Canadian) from the United Kingdom contribution column to the Canadian contribution column, which would on the basis of the present figures raise the Canadian percentage to 4 percent.

Needless to say the United Kingdom representatives were quite dissatisfied with the State Department memorandum and expressed in no uncertain terms their view that the United States proposal would leave the United Kingdom position unprotected, particularly in respect of amounts financed by the United Kingdom initially in excess of its agreed share in any loss. The United States representatives observed that the United States cancellation (or offsetting), by relieving the balance-of-payments position of the western European countries, might actually improve the prospect for collections by the United Kingdom and Canada. The United Kingdom representatives

remarked that while such a development was possible they had to take account of the alternative possibility that the United States action might make it impossible for the United Kingdom to collect anything, (despite the statement which the United States will make concerning the continuing validity of other claims) in which case they would like to know whether the United States Government considered itself under any obligation to compensate the United Kingdom at least for excessive losses. The United States representatives expressed the view that it would be quite out of the question for the United States Government to secure an appropriation for such payments to the United Kingdom and indicated their understanding that this difficulty had been made clear in previous discussions when it had been decided that any necessary adjustments would have to be made out of receipts. There was then some discussion of the possibility that payments for end stocks and for supplies transferred to UNRRA might be available, and might be adequate, to cover the United Kingdom excess. This discussion came to no definite conclusion.

At this point Bryce enquired whether consideration might be given to an arrangement which would enable each of the three Governments to make whatever settlement it chose for its share, but which at the same time would give the United Kingdom a larger proportion of the better claims. Bryce will be communicating with you later concerning the details of the arrangement which he had in mind. In brief he thought it might be possible to deduct from the figure for the aggregate contribution of the three countries the amount representing end stocks plus supplies transferred to UNRRA, and to divide the residual amount (representing claims against Mediterranean and northwest European Governments) in accordance with the loss sharing formula. On the assumption that claims against agreed-loss areas (i.e. the Mediterranean Governments) will exceed \$400 million, it follows that claims against the northwest European Governments would be divided among the United States, United Kingdom and Canada in the proportions 74:21:5. The claim of each of the three Governments against the occupation authorities and/or UNRRA would then be determined by deducting the amount representing each country's share of claims against northwest Europe and the Mediterranean area from each country's total contribution. The general effect of Bryce's informal suggestion would be to increase the United Kingdom share of claims against UNRRA and the occupation authorities (which presumably are the "better" claims from the United Kingdom point of view) and to reduce the United Kingdom share of claims against northwest Europe. At the same time this possible formula would enable the United States authorities to accomplish their laudable objectives in northwest Europe more fully since they would have at their disposal a larger part of the total claim for cancellation if they so chose. The effect on Canada would be to reduce our claim against UNRRA and the occupation authorities (which probably could be settled from our UNRRA contribution without involving us in the complications which would be likely to arise in settlement with the occupation authorities) and to increase our claim against the northwest European

Governments. I should emphasize that Bryce's suggestion was made quite informally and merely as a possibility that might be explored by each of the three Governments. The United Kingdom representatives expressed the preliminary opinion that this sort of an arrangement might be preferable from their point of view to the arrangement proposed by the United States. Both the United Kingdom and United States will be examining the possibilities in such an arrangement in their further consideration of the problem.

It would seem to me that the United States memorandum might be considered in three stages:

1. Are we prepared to accept the proposal that, by joint agreement, each of us should now proceed unilaterally to arrange settlements with the north-west European Governments for our respective shares, on the understanding that those shares will be determined by combined agreement?

2. We might wish to consider then whether our respective shares (expressed as percentages of an aggregate claim of unknown amount) need be determined at this time, and in advance of our several settlements, or whether the determination of our respective percentage shares could be left until a later stage when more complete information is available. The United States, and indeed some of the recipient countries, will doubtless press for an immediate determination of the percentage shares.

3. If it is considered desirable and feasible to determine agreed percentage shares at this time we might wish to consider whether the formula suggested in the United States memorandum (modified to take account of the mutual aid transfer if agreement can be reached with the United Kingdom on a figure for this item) or the alternative arrangement suggested by Bryce, or possibly some other substitute arrangement, would be preferable from our point of view.

At the end of the meeting the United Kingdom representatives handed to Luthringer a formal memorandum which had been prepared for submission before the contents of the United States memorandum had become known. The United Kingdom representatives made it clear that the memorandum was not intended as a reply to the present United States memorandum, but rather as a statement of their views on the general proposal to cancel or fund which the State Department had made orally some time ago. The text of the United Kingdom Embassy's memorandum is reported in a following teletype, WA-2033.† From a conversation with Jackling of the United Kingdom Embassy after the meeting I gathered that their reason for submitting this memorandum even after the State Department's memorandum had become available was to have something on record to which they could refer in case the United States were to reach a settlement with any of the north-west European countries before London could provide a reply to the State Department memorandum. With the memorandum in their hands the State Department officials, in Mr. Jackling's view, could scarcely assume that the United Kingdom would accept automatically any unilateral settlement that might be worked out between the State Department and the French before

a reply is made to the State Department's memorandum. It would seem to me that, since the opening sentence in the State Department memorandum makes the adoption of any unilateral settlement arrangement contingent on joint agreement to that effect, if the State Department were to proceed on its own without waiting for a reply we should be in a sufficiently strong position to criticize their action without having to submit any memorandum to that effect until we are in a position to reply to the present memorandum.

You will, of course, appreciate the need for some reply to this memorandum within the next few days if the general financial negotiations between the United States and France are to be completed satisfactorily some time before the end of the present month and if serious misunderstanding is to be avoided.

You are of course in the best position to judge what changes might be required in your proposed memorandum to the Mutual Aid Board to take account of the precise United States proposals and of the other possible arrangement discussed above. To my mind your memorandum seems to cover most adequately the principal question raised by the United States memorandum; i.e., whether we are prepared to accept the principle of separate settlement of our respective claims without recourse. So far as the figures in your EX-1264 are concerned I have checked them against our records here and find that they are in line with the figures being used in Washington. However in your first paragraph your language might be taken to imply that the new adjustment for end stocks involves an increase in the figure for the Canadian contribution. Since such end stocks were presumably already included in the original contribution of the three Governments and represent merely the residue after allowance for deliveries to other recipients no increase should be made in the figure for the Canadian contribution. Such end stocks involve an increase in receipts (but not in contributions) to the extent that they were taken over from a non-paying authority by a paying authority. Ends.

134.

DEA/2295-AH-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-2032

Washington, May 14, 1946

IMMEDIATE. FOR IMMEDIATE ACTION TOMORROW MORNING. Following for Pierce from Ritchie, Begins: With reference to my teletype WA-2031 of today's date, the following is the text of the memorandum which Mr. Luthringer, Deputy on financial affairs to Assistant Secretary Clayton handed formally to the representatives of the United Kingdom and Canadian Embassies at the meeting on military relief indebtedness on Monday afternoon. Begins:

## MEMORANDUM

The United States Government proposes that the Governments of the United States, United Kingdom, and Canada jointly agree that each proceed unilaterally to arrange settlements with the northwestern European Governments for its share, to be determined by combined agreement, of the combined claims of the three Governments against the northwestern European Governments arising from the civilian relief supplies that were furnished through the combined military authorities of the three supplying Governments (Plan A).

The proposed arrangement would leave each of the supplying Governments free to adopt whatever policy it chose with respect to settlement of its share of the claims, with the stipulation that it should inform the recipient Governments that its settlement in no way impairs the validity of the recipient Governments' obligations to the other supplying Governments for the subject supplies. Once the shares of each supplying Government in the combined claims were agreed upon, each supplying Government would be under no obligation to make any subsequent adjustments, of whatever nature, for the benefit of either of the other two supplying Governments.

It is further proposed that the shares of each of the supplying Governments in the total of the bills to be submitted to each of the northwestern European Governments for such supplies be agreed upon as follows:

United States	—	62 percent;
United Kingdom	—	35 percent;
Canada	—	3 percent.

These percentages make allowance for the financial contribution of each of the supplying Governments as indicated by the most accurate information available. They are based on the assumptions that Italy and the Balkan countries concerned are non-paying countries, that UNRRA and the Governments occupying Germany and Austria will pay for the combined stocks of civilian supplies turned over to them, and that there will be additional losses of approximately \$237 million due to lost receipts, diversions, and other leakages.

In advancing this proposal, the United States Government is motivated by the fact that it finds it impossible to arrange satisfactory settlements of the war accounts with the northwestern European Governments as long as it is required to deal with each of these European Governments on a combined basis.

Proposals for unilateral settlement have been under discussion with representatives of the British and Canadian Governments for several weeks and this Government is now in a position in which it must act quickly since it is about to complete the settlement of its war accounts with France.

An identical memorandum is being submitted to the British Government. Department of State, Washington, May 13th, 1946.  
Ends.

135.

DEA/2295-AH-40

*Le directeur, la direction économique, le ministère des Finances,  
au sous-ministre des Finances*

*Director, Economic Division, Department of Finance,  
to Deputy Minister of Finance*

Washington, May 14, 1946

Dear Dr. Clark,

I understand that Ritchie is sending you by wire a copy of the memorandum handed to us yesterday by the State Department, suggesting separate settlements of the amounts owing to the several supplying countries by recipients of Military Relief, and also an account of our meeting yesterday afternoon. I wish to add only a few comments on the meeting and a few words about the suggestion which I put forward myself when it appeared to me that the British and the Americans were heading into serious disagreement.

In substance, it now seems clear that the U.S. will cancel all its claims on European countries in respect of Military Relief, getting what concessions it can for them on other matters in settling various war claims. In part, its action in respect of France, which is the key situation, is motivated, as the State Department emphasizes, by the unexpectedly small amount it will be paying France for francs for American troops. This amount was much less than expected, because of similar factors to those which gave rise to our large holdings of guilders in Holland. I do not think it is wise to attempt to dissuade the U.S. from this policy of cancellation, and in any event they have made up their minds to proceed with it and will do so within the next few days. The points at issue now are the arrangements for determining the shares of the various countries in the claims on Europe, including those of the U.S. to be cancelled, and the means of liquidating the claims on UNRRA and the occupying forces for inventories turned over to them at the end of Military Relief operations, and the use of the amounts recovered or credited for such inventories in adjusting the accounts and claims under the Military Relief arrangement.

There are two main immediate problems. The first is to arrange some means of safeguarding the claims which Britain and Canada will retain on the Western European countries after American cancellation. The Americans are prepared to do what they can on this matter in the wording of their agreements with the French and others, but are not prepared to go so far as to maintain any token or partial claims for the purposes of making adjustments or refunds, as the British wanted them to do. Consequently, it seems to me inevitable that we must arrive at some scheme of separating the various claims in such a way that Britain and Canada can deal directly with the countries on which they have these claims. The Americans are not prepared to contemplate any joint collection arrangements, although joint accounting and billing will continue, of course.

The second main problem is to give the United Kingdom some protection or reimbursement for the excess of the amount she has contributed to the plan, over and above her share, based upon the loss-sharing formula. The British clearly feel that the U.S. are seriously at fault in proposing now to cancel their claims and collect nothing, when, in fact, it was the intention that such collections would be used to safeguard the countries which had over-procured. During the meeting yesterday neither the U.S. nor the British appeared to have any constructive proposals for dealing with this problem in a manner that the other could accept. The Americans stated that they could make no collections on behalf of other countries and probably would have no legal authority to turn over to Britain or Canada any amounts that they (the Americans) might collect, even if they were placed in a suspense account. As this was the method of readjustment contemplated in the plan up until recently, it seems incredible that the U.S. Treasury and the State Department, with all the lawyers that there are in Washington, should not have known or made clear this legal difficulty previously. The U.K., on its side, felt that it was most unreasonable for it to be left to reimburse itself for over-procurement out of the possibly questionable claims on Western European countries, following American cancellation. This was really the method which the U.S. proposed in its memorandum and is reflected in the high proportion of U.K. claims in the bills to be submitted to the European governments. The U.K. said they would have to go into this matter quite fully in Parliament if a solution along the lines proposed by the U.S. were followed, and there might be considerable criticism and resentment over the whole scheme.

In these circumstances and attempting to find a way out of what seemed to be a difficult and dangerous deadlock, I suggested what seemed to me an obvious means of adjusting the U.K. over-procurement and leaving her with a share of claims on Western European countries that accorded exactly with the agreed intentions in regard to the sharing of losses. This suggestion was, in its simplest terms, to apportion the proceeds of the claims on UNRRA and the occupation authorities in such a manner as to leave all the participants with totals of claims and probable losses that were in proportion to the agreed loss-sharing formula. The result of this would be that the U.K. would be entitled to a credit of \$145,000,000 out of the, roughly, \$190,000,000 claims on the occupation commanders and UNRRA; the U.S. would be entitled to \$44,000,000; and we would be entitled to \$1,000,000, as far as we can tell from the present incomplete figures. Under this arrangement I proposed that we share the claims on Western Europe in the expectation that the other claims on Europe would be losses, and that, therefore, the proportions applied to Western Europe would be the same ones as those in which we share losses over the total of \$400,000,000, i.e., U.S. 74%, U.K. 21% and Canada 5%.

As compared to the U.S. proposal, this leaves Canada with a somewhat smaller share of the claims on UNRRA and the occupation authorities, and a somewhat larger share in the claims on France, Belgium and Holland. However, this does not appear a very serious price to pay for agreement between the major partners, as we can probably collect something from Western

Europe and we might have had some difficulty collecting much in respect of the inventories turned over to the occupation authorities, because we are not involved in these directly, as are the U.K. and the U.S.

It was evident from the discussion yesterday that there will be some difficulty even in the U.K. and the U.S. managing to settle the claims and counter-claims between themselves by the use of the credits for inventories turned over to the occupation authorities. There was also some mention of the difficulties that might arise in connection with the credit due from UNRRA to the Military Relief plan. These are to be investigated further, however, by the U.S. and the British authorities, in the hope of finding a means of implementing the proposal in principle which was suggested.

In putting forward the suggestion described above, I pointed out that it would involve a somewhat larger total to be written off by the U.S. to Western European countries, and therefore a somewhat smaller amount for the U.K. and ourselves combined to collect. The U.S. representative did not seem particularly disturbed at this prospect. Of course, this result is achieved by the U.S. sacrificing a considerable share of its equity in the inventory settlement to the U.K. in exchange for a larger share of the claims on Western Europe which are to be cancelled.

As I understand the upshot of the meeting, it was that the U.S. was to consider the British note, the British were to consider the U.S. note, and we were to consider both of them in defining our own position. I believe that our interest lies mainly in having a clear-cut solution which will prejudice as little as possible our hope of collecting from Western Europe, and which will leave Western Europe in the best possible position to pay what is owing on this account. I think we should also seek to avoid so far as we can a serious disagreement between the two larger parties in the scheme, which may not only becloud the settlement with the European countries but may also give rise to considerable criticism of the whole arrangement.

There was considerable argument over the implicit understandings in the previous arrangements and the moral obligations of the U.S. and Canada to see that the British did not bear more than their share of the losses. I am leaving Ritchie to report on this, as he is the expert on the record. You will recall that we asked the U.S. more than a year ago whether they would undertake to make direct payments to us in the event that we procured more than our share of the supplies, and they said they were not able to give us such an undertaking. The main issue now is whether, although they were not able to make an undertaking of that nature, they should be obliged to make such adjustments nevertheless.

I do not think we need to decide at this time the policy that we should follow in dealing with the Western European countries. My own preference is for funding the amounts owed to us, over a medium period. The Western European countries will no doubt ask us to cancel, as the Americans are doing. I think we can answer that in the case of France we do not have the same off-setting consideration as the U.S. had in regard to troop pay, and in the case of Belgium and Holland, we can point out that we have

been on a different basis to the Americans, with a clear understanding that we were to settle with them for supplies we obtained from them, and that they should be prepared to settle with us for our share of these supplies. Moreover, the U.S. supplied all these countries with civilian type goods as Lend-Lease, but neither the British nor ourselves provided civilian supplies to these countries as Mutual Aid.

You may wish to consider whether or not in funding this debt we would be prepared to do so on an interest-free basis, or with some sort of waiver of interest, such as those in the British loan agreements. I do not know that this sacrifice of interest is necessary, but it would soften somewhat the distinction between ourselves and the Americans in the policy being followed. British representatives yesterday made clear that they do not wish to fund the claims owed to them, as they wish to obtain what receipts they can in the period when they need them most. This is somewhat inconsistent with the practice they are following with France, where, as I understand it, the residual item in the balance of payments is being covered by the sale of sterling securities by France to Britain.

In the case of Holland, if we are going to collect this Military Relief obligation, we may expect them to resist very strongly anything but a nominal settlement for the excess guilders which we have accumulated. I spoke to the officials of the State Department concerned with the guilder problem which the U.S. faces, but I have not discussed it yet with Coe in the Treasury at any length, nor with the War Department. The State Department informs me that the War Department will press very strongly for full reimbursement to the U.S. in dollars for these guilders, and that any other result will involve them in difficulties with appropriations and Congress. The State Department, on the other hand, clearly feels that the claim for conversion of these guilders is a poor one and it is embarrassing, therefore, to maintain it. I suspect that they may ask the Dutch to convert the guilders in full as a condition for cancelling the Military Relief indebtedness of Holland. In the case of the U.S., the Military Relief indebtedness will substantially exceed the equivalent of their guilders, which is about \$20,000,000.

I presume there will be some Ministerial discussions on this Military Relief question during the next few days, and that I shall be hearing from you directly or indirectly. I think at present all that is needed on our side is agreement to the segregation of the claims and the basis on which they are to be segregated. In fact, I do not see that we have much choice now in this issue anyway, because of the determination of the U.S., and the real issue at the moment, the formula for segregation, is one to be determined mainly between the U.S. and the U.K., who are the ones to gain or lose substantially in the choice of formula.

I am giving my extra copy of this letter to the Embassy here. Could you see that Mr. Pierce sees this letter or a copy of it.

Yours truly,

R. B. BRYCE

136.

DEA/2295-AH-40

*Mémorandum du chef, la direction économique**Memorandum by Head, Economic Division*

SECRET

[Ottawa,] May 15, 1946

MEMORANDUM OF CONVERSATION WITH A. E. RITCHIE,  
CANADIAN EMBASSY, WASHINGTON, MAY 15, 1946

I referred to teletypes Nos. WA-2031, 2032, 2033† and 2034† of May 14th, and said that my calculations on the Bryce formula indicated we would receive nothing from end stocks and UNRRA; 3% of the N.W. Europe accounts; would bear our share of the irrecoverable loss and receive our share of the bad accounts against Italy and the Balkans. He said that there had been some change in the figures, an increase in the amounts recoverable from Western Europe, and the Bryce formula would divide the end stocks and UNRRA claims as follows: \$145,000,000 to the United Kingdom, \$45,000,000 to the United States and \$1,000,000 to Canada.

I told him that I thought we should avoid declaring ourselves on the U.S. proposal contained in WA-2032 until the British had had a chance to consider it and comment on it. We were in the "happy" position of having supplied an amount proportionate to our share of the losses and that therefore, the United States proposal that we receive 3% of the amounts due was not out of line. The British however had over-supplied and might naturally seek a formula such as informally suggested by Bryce, giving them a larger proportion of the end stock and UNRRA claims. It seemed to me we might reserve our influence until the issue is more clearly joined between the United Kingdom and United States. I asked Ritchie if he could without embarrassment adopt a waiting attitude, indicating nothing more than that we thought a scheme of separate collection would be acceptable and that we would like to be able, before submitting it to the Mutual Aid Board, to attach a formula satisfactory to both the United States and the United Kingdom. Ritchie agreed.

S. D. PIERCE

137.

DEA/2295-AH-40

*Mémorandum du chef, la direction économique**Memorandum by Head, Economic Division*

[Ottawa,] May 17, 1946

Mr. A. E. Ritchie called me from Washington yesterday to say that the Americans had put forward two additional provisions to their proposal for separate collections of military relief accounts:

(1) If the United States authorities cancel the military relief indebtedness of any North West European country to the United States, the country con-

cerned will be required to set up a reserve pool of 10% of the total amount of its military relief indebtedness to the United States, the United Kingdom and Canada, in a form convertible into Canadian dollars or pounds sterling. If the United Kingdom or Canadian collections from North West European countries in general should fall short, Canada or the United Kingdom could then draw on the reserve.

(2) The United States would agree that what the United Kingdom owes the United States for end stocks delivered to the British occupation authorities might be used to adjust for losses which the British might sustain above the percentage agreed.

I told Ritchie that this provision of a reserve appeared to our advantage. The original United States proposal which would have granted us 3% of the accounts appeared reasonable from the Canadian point of view and anything added to it was just that much better. I felt that he could tell the United States authorities that Canadian officials considered that the proposal would in principle be acceptable to the Government but that, before placing it before the Mutual Aid Board or Cabinet, we might wait until the United Kingdom and the United States approached agreement.

S. D. PIERCE

138.

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*Mémorandum du gouvernement des États-Unis au gouvernement du Canada*  
*Memorandum from Government of United States to Government of Canada*

Washington, May 17, 1946

In identic memoranda to the United Kingdom and Canadian Governments dated May 14, 1946<sup>1</sup> the United States Government submitted a proposal regarding the financial settlement for certain civilian supplies. As a result of subsequent discussions between representatives of United States, United Kingdom, and Canadian Governments, the United States Government submits in the following paragraphs a revised proposal to replace the one set forth in the memoranda of May 14, 1946.

The United States Government proposes that the governments of the United States, United Kingdom, and Canada jointly agree that each proceed unilaterally to arrange settlements with the northwestern European governments for its share, to be determined by combined agreement, of the combined claims of the three governments against the northwestern European governments arising from the civilian relief supplies that were furnished through the combined military authorities of the three supplying governments (Plan A).

<sup>1</sup> Voir le document 134.

<sup>1</sup> See Document 134.

The proposed arrangement would leave each of the supplying governments free to adopt whatever policy it chose with respect to settlement of its share of the claims, with the stipulation that it should inform the recipient governments that its settlement in no way impairs the validity of each recipient government's obligations to the other supplying governments for the subject supplies.

In accomplishing settlements with the recipient governments the United States Government would be prepared, in the event of waiver, to stipulate that each recipient government establish a reserve amounting to 10 percent of the total combined bill against that government, this reserve to be used, to the extent necessary, to make additional payments to the British and Canadian Governments if settlements made by the British and Canadian Governments with the recipient governments proved insufficient to meet the amount due them under present loss-sharing agreements when all collections and losses have been finally determined by combined agreement. The United States Government is further prepared to stipulate as a condition of effecting settlement with the recipient governments that this reserve be currently set aside in funds convertible into sterling or Canadian dollars, or both, at rates to be agreed in a trust account in the name of each recipient government in its central bank. In addition, the United States would be willing to agree that amounts determined by combined agreement as an obligation by the United Kingdom Government to the United States Government for end stocks turned over to the United Kingdom zone commanders in Germany and Austria would be reduced to the extent necessary to compensate the United Kingdom Government for losses greater than those it agreed to bear under present loss-sharing arrangements. Once the shares of each supplying government in combined claims against all recipients were agreed upon no subsequent adjustments of whatever nature would be made other than those provided for in this paragraph.

It is further proposed that the shares of each of the applying governments in the total of the bills to be submitted to each of the northwestern European governments for such supplies be agreed upon as follows: United States—62 percent; United Kingdom—35 percent; Canada—3 percent.

In advancing this proposal, the United States Government is motivated by the fact that it finds it impossible to arrange satisfactory settlements of the war accounts with the northwestern European governments as long as it is required to deal with each of these European governments on a combined basis.

Proposals for unilateral settlement have been under discussion with representatives of the British and Canadian Governments for several weeks and this Government is now in a position in which it must act quickly since it is about to complete the settlement of its war accounts with France.

An identic memorandum is being submitted to the British Government.

W. L. C[LAYTON]

139.

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

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

TELEGRAM EX-1355

Ottawa, May 21, 1946

FOR IMMEDIATE ACTION. Your WA-2120 of May 18th,† military relief.

We have considered the revised United States memorandum and are prepared to accept the plan outlined. A formal reply can therefore be returned to the State Department indicating that the Government of Canada is prepared to accept the plan proposed in the memorandum of May 17th as subsequently revised, it being understood that the settlements unilaterally arranged by each supplying government will in no way impair the validity of each recipient government's obligations to the other supplying governments for the supplies in question. We also understand that settlement of the claims on UNRRA and for end stocks turned over to the occupation forces in Germany is to be arranged in such a way that the share of losses other than any resulting from claims on Northwest European Governments will be distributed in the proportions originally agreed upon.

140.

DEA/2295-AH-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-2179

Washington, May 23, 1946

Following from Ritchie, Begins: My WA-2161† and 2162† of May 22nd, Military Relief.

The memorandum reported in my WA-2161 was based on the guidance provided in your EX-1355 and was discussed with Bryce on his arrival in Washington. The 3rd and 4th paragraphs of that memorandum might require some comment. In the 3rd paragraph the words "agreed losses" were used in substitution for, or as an interpretation of, the words "losses other than any resulting from claims of Northwest European Governments" employed in your message. Despite the fact that settlements with the countries of Northwest Europe are to be arranged unilaterally it is nevertheless possible that certain losses might be incurred on shipments to Northwest Europe which might be shared *if* each and all of the three Governments agree to such a sharing. Among such losses which might be shared are the losses resulting from spoilage, pilferage, lost records, and other incidental losses representing amounts relating to Northwest European shipments but probably not collectible from Northwest European Governments. Conceivably there might be other losses on Northwest European shipments which the three countries might on consideration decide to include in the loss-sharing

arrangement. In any event it seemed desirable from our point of view to leave the way open for the inclusion of such losses and not to rule out automatically for purposes of loss-sharing all losses "resulting from claims on Northwest European Governments." At the time this memorandum was presented to the State Department it was made clear orally that the agreement of the Canadian Government to the inclusion of any losses arising in Northwest Europe or elsewhere would have to be secured before such losses could be shared among the three Governments. In other words the language "agreed losses" can be as restrictive as the Canadian Government considers reasonable in the circumstances.

On the 4th paragraph of the memorandum it might be observed that the inclusion of some such paragraph seemed desirable to make known our expectation that consultation among the three supplying Governments will be continued, either through the Billing Sub-Committee of the CCAC, or through the Tri-Partite Settlement Committee, or in some other satisfactory manner.

In the informal conversation which followed the presentation of this memorandum the United States, United Kingdom and Canadian representatives who were present seemed agreed that even in respect of unilateral settlements it would be desirable for each of the three Governments to inform the Tri-Partite Settlement Committee of the arrangement made with any recipient Government in order that the other supplying Governments might be familiar with the nature of any such settlement in arranging their own settlements with the recipient Government. It was noted that if the United States Government were to waive its claim against a particular recipient Government it would be useful for the United Kingdom and Canadian Governments to have in their possession the terms of such a waiver (including any understanding concerning the continuing validity of the other countries' claims) in case that recipient country might represent to the United Kingdom and Canada that the United States action should be regarded as a precedent for similar action by them. If you agree, arrangements might be made to ensure that the Canadian member of the Tri-Partite Settlement Committee is kept informed concerning the nature of any settlements made by the Canadian Government with the various recipient Governments.

During the course of the same informal conversation the United Kingdom representatives observed that it might become necessary (largely as a result of the inability of the United States and United Kingdom Governments to maintain the field establishment necessary to assemble and submit bills) for the three Governments to agree shortly on the amounts of the aggregate bill against each recipient Government without waiting for all bills to be submitted and acknowledged. The present position is that bills in terms of quantities and prices submitted by the military authorities to the Northwest European Governments total something like 350-400 million dollars. No bills have been submitted to the Italian or Balkan Governments. Similarly no bills have been submitted formally to UNRRA for supplies transferred in the Balkans

and no precise bill is likely to be forthcoming for some months. In other words, of the some \$1,600,000,000.00 covered by the Military Relief arrangement less than one-quarter has been billed to date. In these circumstances the prospect mentioned informally by the United Kingdom representative might be kept in mind. If the three Governments were to agree on the amounts to be billed they might then attempt to get the individual Governments and authorities to accept the figures or to agree on some other figures which could then be used for settlement purposes. The United Kingdom representative expressed the view that the possibility of coming to a settlement with UNRRA required particularly urgent consideration since until such a settlement is made UNRRA will continue to earmark and immobilize that part of the limited funds allocated to Greece, Yugoslavia and Albania considered necessary to pay for such supplies with the result that the present UNRRA programs for these countries are suffering unduly to the extent that UNRRA may have over-estimated the amounts payable for Military Relief supplies transferred to UNRRA in all or some of those countries. These matters will be discussed further at future meetings of the Tri-Partite Settlement Committee.

Finally it might be stated that the State Department will shortly provide us with a communication explaining in greater detail the reserve to be established by each recipient Government when, and if, the United States waives its claims against a particular Government. This communication will be somewhat along the lines of the fairly detailed statement of this provision contained in the draft aide-mémoire† to the French which was reported in my WA-2103† and 2120.† The communication will indicate that the reserve would be less than ten percent to the extent that the waiver offered to the particular country by the United States represented less than 10 per cent of the combined bill. Some indication would be given also of the arrangement which might be made for rendering some part of the United States receipts distributable for purposes of adjusting losses if the United States were to fund or collect its total share of any country's obligation although at the time of our conversation yesterday the State Department officials had not decided what arrangement they might propose. Ends.

141.

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*Le chef adjoint, la division des affaires financières, le département d'État des États-Unis, au deuxième secrétaire, l'ambassade aux États-Unis*

*Assistant Chief, Division of Financial Affairs, State Department of United States, to Second Secretary, Embassy in United States*

Washington, May 31, 1946

My Dear Mr. Ritchie,

I should like to refer to one provision of the identic memoranda from my government to the British and Canadian Governments which Mr. Luthringer

handed to you and Mr. Jackling<sup>1</sup> on May 18, 1946.<sup>2</sup> The provision is as follows:

In accomplishing settlements with the recipient governments the United States Government would be prepared, in the event of waiver, to stipulate that each recipient government establish a reserve amounting to 10 percent of the total combined bills against that government with the understanding that this reserve would be used, to the extent necessary, to make additional payments to the British and Canadian Governments if settlements made by the British and Canadian Governments with the recipient governments proved insufficient to meet the amount due them under present loss-sharing agreements when all collections and losses have been finally determined by combined agreement.

I should like to state our interpretation of this provision and its application, based on our informal discussions with you.

The "10 percent of the total combined bill" would be set aside as a reserve only in case the settlement made by the United States involved a waiver, whether or not this waiver was accompanied by offsets. In the event that the United States waives an amount equal to or greater than 10 percent of the total combined claim against the country concerned, the reserve will be equivalent to 10 percent of the combined claim. If the United States waives an amount less than 10 percent of the combined claim, the total amount waived will be set aside as a reserve. In either case, the full amount of the reserve would be deducted entirely from the presently agreed United States share of 62 percent. No reserve would be established if the United States funded or collected its total share of the obligation but it is understood that receipts would in this case be available to compensate the United Kingdom and Canadian Governments for losses greater than those they agreed to bear under present loss-sharing arrangements.

The reserve would be established by the debtor government concerned at the time the waiver arrangement became effective and for additional bills at the time received. The reserve would be held in the name of the debtor government in its central bank in funds convertible into sterling or Canadian dollars or both, at rates to be agreed upon by the debtor government with the United Kingdom and Canadian Governments.

The reserve would be payable to the United Kingdom and Canadian Governments at the time, to the extent, and in such proportions of sterling and Canadian dollars as the United States, United Kingdom, and Canadian Governments may determine by combined agreement to be necessary in order to comply with the loss-sharing arrangements among the three supplying governments. Such remaining amounts of the reserve not so paid would revert to the free disposition of the debtor government upon combined notification by the United States, United Kingdom, and Canadian Governments.

To illustrate the application of the use to be made of the 10 percent reserve, let us assume that the United States waived its 62 percent share of a combined

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<sup>1</sup> Secrétaire, l'ambassade de Grande-Bretagne aux États-Unis.

<sup>1</sup> Secretary, Embassy of Great Britain in United States.

<sup>2</sup> Document 138.

bill of \$100 million for debtor country X. Country X, upon settlement with the United States involving a waiver of an amount equal to or greater than 10 percent of the combined bill, would be required to set aside as a reserve 10 percent of total bills already submitted and of additional bills as presented, or a limit of \$10 million, and if this reserve were eventually used in whole or in part for payments to the United Kingdom and Canada, the United States share waived would be correspondingly reduced, i.e., to an amount not less than \$52 million.

The \$10 million reserve established by country X would be available for use in making payments to the United Kingdom and Canadian Governments to compensate them for agreed losses, whether arising from failure to obtain satisfactory settlement from country X or from other sources, greater than those that the United Kingdom and Canadian Governments agreed to bear under the loss-sharing arrangements.

A copy of the Aide-Mémoire† which my government sent to the French Government with respect to the waiver of the United States share of the Plan A obligation is enclosed.

I am sending a similar letter to Mr. Jackling.

Sincerely yours,

VICTOR M. LONGSTREET

142.

DEA/2295-AH-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur de Belgique<sup>1</sup>*

*Secretary of State for External Affairs to Ambassador of Belgium<sup>1</sup>*

No. 42

Ottawa, June 19, 1946

Excellency,

I have the honour to refer to my note No. 21 of April 10th<sup>2</sup> containing information regarding the procedures being followed in presenting bills to the Government of Belgium for civilian supplies furnished by the combined military authorities of the United States, United Kingdom and Canada.

I now have the honour to inform you that the Governments of the United States, United Kingdom and Canada have by agreement established a procedure for settlement with the Government of Belgium of their respective

<sup>1</sup> Des notes semblables furent envoyées aux représentants des gouvernements de France et des Pays-Bas et par l'entremise de ce dernier au gouvernement de Luxembourg.

<sup>2</sup> Voir le document 126.

<sup>1</sup> Similar notes were sent to the representatives of the Governments of France and The Netherlands and through the latter to the Government of Luxembourg.

<sup>2</sup> See Document 126.

shares of the combined bills referred to in my note No. 9 of April 4th, 1945, for the civilian supplies furnished by the combined armies of the Allies to the population of Belgium. Accordingly, the three supplying governments acting independently will address separate communications to the Belgian Government concerning settlement for their respective shares of the combined bills. These shares have been determined as follows:

To the Government of the United States	62%
To the Government of the United Kingdom	35%
To the Government of Canada	3%

This notification supersedes my note No. 21 of April 10th, and I should be grateful if you would see that it is likewise transmitted to the Government of Belgium.

It is understood that the United Kingdom and the United States Governments are addressing similar communications to the Government of Belgium.

Accept etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

143.

DEA/2295-AH-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-2102

Ottawa, September 4, 1946

SECRET. Following for Murray from Pierce, Military relief, Begins:

1. With reference to your telephone call yesterday, Mr. Pearson tells me that he is unaware of any agreement by Canada at Geneva to a reduction in the Balkan stock pile bill to \$105,000,000. However, he and others concerned here agree that if both the United States and the United Kingdom agree to the figure we cannot reasonably object since our interest is so much less than theirs.

2. With reference to the intention of the United Kingdom authorities to make high level representations to secure all the proceeds from the Balkan stock pile, our attitude should be one of neutrality. If the United States agree to the British proposal we would also concur. We are not prepared, however, to support the United Kingdom's case. Ends.

144.

DEA/2295-AH-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*

TELEGRAM WA-3716

Washington, October 17, 1946

Following for Arnold Smith from Murray, Military Relief.

At a meeting of the Tripartite Settlement Committee, held yesterday afternoon at the State Department, the British and Canadian representatives were handed a memorandum initialled by Mr. Clayton, proposing that the Canadian Government consider giving a final decision on the settlement of the bills for civilian supplies furnished to Italy and Greece (the text of this memorandum is being forwarded in my immediately following teletype).

The question of the cancellation of Italian indebtedness for military relief was previously brought up by the State Department in March (my WA-1450 of April 2nd—your EX-794 of March 18th), at which time the talks were transferred to London in order to tie in with the reparations aspect of the Italian Peace Treaty (your telegram No. 762 of April 3rd† to London and London's despatch No. A312 of April 16th† refer).

The United Kingdom treasury officials here stated that as a purely personal view they felt London would accept the fact that Italy and Greece could not possibly pay for the supplies received (the amount for the two countries is in the neighbourhood of 500 million dollars) and that they would, therefore, probably agree in principle to the United States memorandum. They have referred the matter to London and I don't expect they will have a reply before the next meeting of the Tripartite Settlement Committee, Wednesday, October 23rd. I said that in view of Mr. Claxton's statement on the Italian Treaty, I thought the Canadian Government would give more favourable consideration to the United States proposal than they had last March and April. I should be grateful for an early indication of our views on this memorandum.

The United States have now, as you know, concluded their overall war settlements with France and Belgium. The talks with the Dutch are practically concluded and they expect to sign their Agreement in ten days or two weeks, after which they will proceed to talk with the Norwegians. If the Italian and Greek bills are shortly disposed of in the manner proposed, the United States will have tidied up their military relief settlements with all countries except Yugoslavia. At the present time, for obvious reasons, they are not recommending that the Yugoslav obligation be forgiven.

In addition, the question of the disposition of the 105 million dollar Balkan stockpile remains to be settled. My WA-3398 of September 17th† referred to this problem.

I shall be sending you in more detail, tomorrow, what the British intend to do to try and obtain, for themselves, all of the receipts from the Balkan stockpile.

145.

DEA/2295-AH-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*

TELEGRAM WA-3717

Washington, October 17, 1946

Reference my WA-3716 of today's date, Military Relief.

I am quoting below the text of the State Department memorandum referred to, Begins:

In view of the importance of preparing for early settlements of War Accounts with the Governments of Italy and Greece, the Government of the United States proposes to the Government of Canada that consideration be given to a final decision concerning the policy to be followed with respect to settlement of the bills for civilian supplies furnished these Governments on a combined basis through the military authorities of the United States, the United Kingdom, and Canada (Plan A) and on an agreed basis in Italy by the United States and the United Kingdom.

In all negotiations between the representatives of the United States, the United Kingdom, and Canadian Governments concerning the combined financial arrangements for settlement and distribution of collections for the civilian supplies furnished through the combined military authorities by the three supplying Governments to all recipients, the three supplying Governments have been proceeding on the understanding that the Governments of Italy and Greece would not be pressed for payment. In fact, the agreed upon shares of the United States, the United Kingdom, and Canada of the combined claims against the Northwest European Governments were calculated on the assumption that the combined bills presented to the Governments of Italy and Greece would not be paid.

Since the conditions on which the above combined decisions concerning non-payment by the Governments of Italy and Greece were based remain unchanged, and since the same conditions and considerations apply to the agreed program for Italy, the Government of the United States proposes that the three supplying Governments agree that the bills presented to these Governments for these supplies be formally cancelled.

An identic memorandum is being presented to the Government of the United Kingdom.

Department of State, Washington, October 16th, 1946.

Ends.

146.

DF/Vol. 3412

*Le directeur, la direction économique, le ministère des Finances,  
à la direction économique*

*Director, Economic Division, Department of Finance, to Economic Division*

Ottawa, October 25, 1946

Dear Mr. Smith,

I have your letter of October 23rd,† enclosing the letter of October 8th from Mr. Pierre Dupuy to Mr. Pearson,† and relating to the disposal of surplus guilders.

I think it might be worthwhile your cabling Mr. Dupuy to inform him that Mr. Jockin of the Netherlands Government is expected here on Monday next to initiate discussions in regard to the settlement of claims arising out of supplies provided to the civilian population of The Netherlands by the civil affairs branches of the combined military organization. You might tell Mr. Dupuy that we very much appreciate having his letter before discussing this matter with Mr. Jockin, and we will bear in mind the possibility of getting from The Netherlands the right to use the 7,000,000 post-conversion surplus guilders already in our possession, for various purposes. Already in putting up to The Netherlands draft documents for future exchange settlements we have proposed that Canada should be free to use for any purpose in The Netherlands balances already on hand. We assume this would cover the new guilders but not the old ones, which are no longer legal tender.

We have not as yet endeavoured to crystallize our views on the settlement for these surplus guilders nor on the settlement for Military Relief claims. The Dutch will ask us to cancel or waive all claims in respect of both of these items. It will be difficult for us to do this for several reasons. One of the chief difficulties will be the settlements reached with the Americans and the British. We understand that the Americans are waiving their claims in respect of Military Relief, but proposing to collect dollars in a settlement for surplus guilders held by the American War Department. We understand that the British have returned all the surplus old guilders—a very large quantity in their case—without any reimbursement, but are insisting on their right to use the accumulation of new guilders which they have on hand. They are also asking the Dutch to pay the U.K. for the amount owing the U.K. in respect of civil affairs supplies, and apparently the Dutch have agreed to do this, although it may be buried in various offsetting transactions.

In regard to the guilder settlements, we would certainly hope to collect some repayment, although it may have to be a small proportion of the nominal value of these old guilders, unless we have some unsuspected bargaining strength. A complete write-off of these guilders might well lead to difficulties in Parliament and criticism over the action of the Government, first in acquiring them, and later in obtaining no payment for them.

As regards the settlement for Military Relief, we must have in mind the need for parallel settlements with Belgium and France and possibly, at least nominally, with Italy and Greece. The Department of Finance is exploring the possibilities of Canada requesting some benefit that will not be a burden on the present or future balance of payments of these countries.

We would welcome any views which our Legation in The Hague wishes to express on either of these settlements. It is expected that no decision will be reached next week while Jockin is here, and he will be expected simply to present the views of the Dutch on the matter and to hear our initial reactions to these proposals.

I might add that we would be interested to know whether you, or possibly Mr. Pearson himself, would like to be present at a meeting with Mr. Jockin early next week. We expect that the Deputy Minister of National Defence will meet with him on this matter, and possibly the Minister and Deputy Minister of Finance. I shall be in touch with you by telephone about this when I have more information.

Yours truly,

R. B. BRYCE

147.

DEA/2295-AH-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*

TELEGRAM WA-3841

Washington, October 26, 1946

Following for Arnold Smith from Murray, Begins: My WA-3716 of October 17th, proposed cancellation of Italian and Greek indebtedness for military relief supplies.

The meeting of the Tripartite Settlement Committee, which was to have been held this week, has been postponed at the request of the United Kingdom giving us more time to formulate our definite views on the United States memorandum.

The United Kingdom are now proceeding with the preparation of a memorandum stating their views on the disposition of the Balkan stockpile settlement, which were mentioned in my WA-3735.† They have had no word on London's reaction to the United States memorandum proposing cancellation, but if the United Kingdom views on the disposition of the UNRRA receipts from the Balkan stockpile are accepted concurrently with their suggestion that each supplying country proceed to make unilateral settlements, the United States memorandum should then present no special difficulties, as Canada, the United Kingdom and the United States would each be on their own. I can get no indication on the chances of the United States accepting

the United Kingdom view, but I think we can delay the final formulation of our views on the United States proposal until we know the outcome of these particular talks. Incidentally, we will be receiving a similar memorandum from the United Kingdom.

In the meantime, you will be interested in the reaction of Longstreet and Breithut of the State Department to our view that we are not disposed to cancel this obligation. Both they and the United Kingdom agree that there is no binding legal or physically insurmountable objection to dividing up our claims on Italy, Yugoslavia and Greece and then proceeding, unilaterally, as we decided to do with the northwest European Governments this Spring. They do have, however, major and minor objections to such a proposal which can be summarized as follows:

(I) The percentages agreed upon this Spring for the claims against the northwest European Governments (62, 35 and 3) were "based on the assumption that Italy and the Balkan countries concerned are non-paying countries." If we change the basis of this assumption (and I agree that we would have to regard any receipts from the Italians such as property, lire, as payment), then the percentages on the northwest European countries would have to be revised.

(II) As you know, the United States have regarded the unilateral waiving of their claims against such countries as France and Belgium not as a loss but as collection in full of their claim. If they were to take a different attitude towards cancellation with Italy (this is mostly an academic point for the sake of argument) it would mean they would be eligible, under the loss sharing formula, for a larger share of the receipts from the Balkan stockpile, etc.

(III) The United States, like Canada and the United Kingdom, has done a very great deal to assist a country which was, after all, formerly a belligerent. If they continue as they propose to, cancelling these obligations and going ahead with further assistance while we maintain our claim, it exposes them (even though our claim is, in comparison, a miniature one) to the ever-present Congressional cry that Uncle Sam is, as usual, footing all the bills. This, I suggested, was a pretty thinly stretched argument as even if we do collect a few lire and the odd Italian ruin, these could scarcely, in view of our record of assistance to Italy, be regarded as a hardhearted bargain in which we succeeded owing to the generous United States assistance to Italy. I pointed out that our Government would probably soon be called upon to give a full accounting of its numerous wartime expenditures and that it seemed obvious that someone who had waived his claims, at the same time as he was asking for an appropriation to purchase property in Italy and Greece, would certainly expose himself to sharp cross-examination.

In March and September, 1945, in communications from A. E. Ritchie to officials of the State Department, it was very explicitly stated that we did not intend to press either Greece, Yugoslavia or Italy for payment. In a letter of March 10th, 1945, to Jacques Reinstein of the State Department, marked "Informal and Confidential" it was stated "the Canadian authorities are

agreed also that Greece and Yugoslavia may be informed we do not intend to press a claim for payment against them. I understand that the Canadian authorities do not regard it as a matter of importance to them whether Greece and Yugoslavia receive formal or informal notification of our intentions." In a letter of September 12th, 1945, to G. F. Luthringer, Chief, Division of Financial Affairs, Department of State, it was stated that "I am instructed to inform you that the draft note attached to your letter is acceptable to the Canadian authorities and that the oral statement proposed in the penultimate paragraph of your letter is also satisfactory from our point of view." The paragraph of Luthringer's letter which was referred to is as follows:

"In view of Italy's present inability to make payments, it is suggested that the Italian Government be verbally advised at the time of presentation of the note that the supplying Governments for the present do not intend to press the Italian Government for payment but they will expect the claim to be taken up in connection with the Peace Treaty."

In other words, we certainly went along, in 1945, with the idea that we would not press Italy and Greece and, incidentally, Yugoslavia, for payment, and in the Spring of 1946 we agreed to the new percentages for the northwest European countries, assuming non-payment from Italy. This, of course, is not the same thing by any means as waiving a claim or cancelling a bill, but I think we must agree that it does point in that direction. The State Department officials agreed quite spontaneously that these statements of our views about not pressing for payment are in no way binding on us to now cancel our bills.

I should be grateful for any further views you may have in the light of the above comments. Ends.

148.

DF/Vol. 3406

*Mémorandum du ministère des Finances**Memorandum by Department of Finance*

Ottawa, November 1, 1946

RE: DISCUSSIONS WITH DUTCH OFFICIALS REGARDING  
SURPLUS GULDERS AND MILITARY RELIEF

On Monday, October 28th, Messrs. Jockin, Soutendijk and Hechtermans, representing the Dutch Government, visited Ottawa to discuss with officials of the Departments of Finance and National Defence (Army), questions arising out of the surplus guilders accumulated by the Canadian Army during the period in which it was located in The Netherlands, and also the question of settlement for Civil Affairs supplies which were provided to the Netherlands Government under the Military Relief programme carried out by the United States, United Kingdom and Canada.

At various times discussions were held between the Netherlands officials referred to above and Mr. Alex Ross, Deputy Minister of National Defence and Messrs. R. B. Bryce and S. Pollock of the Department of Finance. The following is a general summary of the main points discussed:

#### 1. SURPLUS GULDERS

The senior Paymaster of the Canadian Army has on deposit in Amsterdam approximately 41 million pre-purge guilders, which are no longer legal tender and approximately 7 million new guilders, which are being used for current expenditures in Holland.

Mr. Jockin emphasized repeatedly in the discussions relating to the disposal of these guilders that the Dutch Government feels that the line taken in their note of November 2nd, 1945, is a proper one and that they should not be required to provide foreign exchange in settlement for any of the guilders. In his opinion all the guilders were obtained by Canadian troops in illegal activities in the Dutch black market over which the Dutch authorities had no control and for which they should not, therefore, be required to accept any responsibility. Mr. Ross argued that while it might not be possible to deny the fact that the guilders were acquired illegally, it should be recognized that the transactions were a two-way proposition, that the Dutch civilians received goods, admittedly at highly inflated prices, but which did have some real value and that the Dutch Government should be prepared to accept as much responsibility on account of the activities of Dutch civilians as the Canadian Government should be expected to assume on account of the activities of Canadian troops. Mr. Jockin denied both these propositions saying that the accumulation of the guilders was the end product of a vast number of transactions in which the Canadians received as large an amount of real goods and services as did the Dutch and that in so far as controlling the black market was concerned the unstable situation in Holland at the time had to be recognized as well as the fact that the Dutch Government had little control over Canadians. A considerable number of detailed arguments were advanced on both sides to support these cases, but on the whole no conclusions were reached.

Mr. Ross also thought that the Netherlands Government should be willing to extend to the Canadian Government facilities for exchanging the old guilders equivalent to those which it had given its own nationals at the time of the money purge. In this connection Mr. Jockin pointed out that before any of the funds of the Dutch civilian were unblocked, he had to prove that the guilders had been acquired legally. This he thought could not be proved in connection with the old guilders accumulated by the Canadian Army.

Mr. Ross pointed out that as soon as it became evident that excessive amounts of guilders were being accumulated the Canadian authorities had made determined efforts to stop the illegal traffic and he could not agree that the Dutch had made the maximum effort on their side to prevent the Dutch civilians from participating in the illegal transactions. He also stated that although various approaches might have been made by local officials to the

Canadian Army with a view to limiting the black market activities, it had to be recognized that the Canadians were operating as part of a larger force and that so far as he knew no official approach had ever been made by the Dutch Government to the Senior Commander A.E.F.<sup>1</sup>, which might have led to real action on an army-wide scale to stop the accumulation of guilders. The Dutch officials were not prepared to agree that this was the case.

Switching to more general arguments, Mr. Jockin stated that it would be virtually impossible in the light of the method of accumulation of the guilders and the very difficult foreign exchange position of the Dutch economy to justify to his countrymen any settlement under which consideration was given to Canada on account of the pre-purge guilders. He also stated that the same situation would prevail in connection with the new guilders, but he seemed to be less adamant, and when it was pointed out that these new guilders were now being used for payment of dependents allowances to the Dutch wives of Canadian soldiers awaiting transfer to Canada and for other minor expenditures, he suggested that while he disapproved of this action in principle, in view of the limited amount of guilders which were being used in this manner the action might be condoned.

He argued that political feeling in Holland would make it absolutely impossible to compromise on the guilder question. Mr. Ross then pointed out that similar difficulties would have to be faced in Canada as these guilders represent an asset of the Department of National Defence and could not be written off without reference to Parliament. He said that his Minister would be in for serious criticism in the House if a complete write-off were attempted.

In this connection Mr. Bryce enquired whether the cost to the Canadian tax payers of writing-off all of the old guilders might be considered as an expenditure toward maintaining the morale of the troops during the difficult period in which they were awaiting repatriation to Canada. He suggested that had the troops not had some outlet for the expenditure of their energies and enthusiasm they would have got into considerably more trouble than they did and if the vast number of transactions in which they participated kept them happy, it acted as a useful safety valve so that a partial write-off might be justified on this account. This line of thought was not pursued to any conclusion.

A considerable amount of discussion was directed at attempting to determine the exact periods in which the guilders were actually accumulated. The object (unstated) from the Canadian point of view was to try to determine whether any portion might have been accumulated during the period between the date the old guilders were called in for new and the date the Dutch note was received stating that the Netherlands Government were unwilling to accept responsibility for settlement for these guilders. Information was available on the old guilders but not on the new and Mr. Ross undertook to obtain from the pay records a statement showing the accumulation month by month of the 7 million new guilders.

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<sup>1</sup> Allied Expeditionary Force.

## 2. MILITARY RELIEF

Mr. Jockin expressed as his general attitude toward settlement for Military Relief, the opinion that the supplies had been provided to Holland during the period in which they were absolutely necessary if the Dutch population were to avoid starvation. He pointed out the tremendous cost to Holland of the German occupation and also emphasized the activities of the Dutch underground, the railway strike, etc., as a definite contribution to the allied victory. He suggested that it was not reasonable that we, who had experienced so little real suffering in economic and social terms during the war, should expect the Dutch Government to pay for the supplies provided at a time when, from a purely humanitarian point of view, assistance of this nature was absolutely essential. He also stated that it was absolutely impossible at the present time for the Dutch economy to provide foreign exchange to pay for the Civil Affairs supplies. He mentioned the severe restrictions now operative against Dutch civilians who require foreign exchange for current usage.

He also made direct reference to severe damage which was incurred in certain areas in which the troops had been located and for which the Dutch Government had assumed responsibility (e.g. Nijmegen Black Country).

Mr. Bryce then made certain comparisons between the arrangements made by the Dutch with the United Kingdom and the United States in settlement for similar situations which existed between those countries and The Netherlands. He said that he understood that in the case of the United States the Military Relief supplies had been given as lend-lease to Holland but that the Americans were being paid in full for the guilders they held. In the case of the United Kingdom the opposite was true. Although the United Kingdom had handed back 150 million old guilders to Holland, the British were claiming payment in full for the Military Relief supplies. Accordingly, as some concession had been made to each of those countries in connection with their settlements he thought it would be extremely difficult to justify a complete write-off on the Canadian account. Mr. Jockin pointed out that the situation was simpler in the case of the United States because it was part of an overall settlement which had made it possible to conceal payment for the guilders. In the case of the United Kingdom he thought that although settlement for the old guilders had been waived he thought it unlikely that the British would in the final analysis receive payment for the Military Relief supplies.

On one or two occasions throughout the discussion Mr. Soutendijk enquired whether we had some specific offer to suggest as a possible settlement of these questions, but Mr. Bryce thought that this should wait until after the question had been discussed with Mr. Ilsley.

The discussion ended with no particular conclusions having been reached, but with each side aware of the attitude of the other on these questions. Presumably after further examination we will determine what our policy is to be and what proposition, if any, we are prepared to make to The Netherlands.

149.

DEA/2295-AH-40

*Le sous-ministre des Finances au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Finance to Under-Secretary of State for External Affairs*

Ottawa, November 2, 1946

Dear Mr. Pearson,

I am writing in connection with Teletype WA-3841 of October 26th regarding the proposed cancellation of Italian and Greek indebtedness for Military Relief supplies.<sup>1</sup>

We continue to feel in this Department that as a matter of principle there should not be a general cancellation of the indebtedness of Italy and Greece, and certainly not pending negotiations by ourselves and the British with the recipient countries in Western Europe. We do not expect to be paid by Italy, Greece or Yugoslavia, except perhaps some nominal payment in their local currencies which may be used for certain restricted purposes. We do not propose to press Italy, Greece or Yugoslavia for payment unless perhaps we ask them to make some nominal payment, as indicated above. However, we feel that any writing-off of these claims should be done only as a result of bilateral discussions between the supplying and recipient countries, such as those that have already gone on between the United States and the Western European countries.

There is, of course, a difference in regard to settlements with Italy, Greece and Yugoslavia in so far as the claims on these countries have been expressly assumed to be valueless in reckoning the sharing of the claims on other countries, and if now Canada should manage to collect something in one way or another, or if the United Kingdom should do so from, say, Italy, it would at least nominally alter the shares of the claims that should be maintained against the other recipient countries. Consequently if by some means anything is obtained from Italy, Greece or Yugoslavia, we should be prepared to re-examine the situation with the United States. However, I do not see why the United States should be greatly interested, inasmuch as she is apparently prepared to waive all her claims on all recipient countries, and it should hardly be a matter of great concern to her whether the division between one group and another is somewhat different from that assumed. What would seem of importance is that Canada and the United Kingdom, or either of them, should not collect so much from all recipient countries that their losses are clearly disproportionate to those of the United States when the United States' claims on Western Europe, which she has voluntarily waived, are regarded as settled in full, in accordance with paragraph (II) of WA-3841.

<sup>1</sup> L'essentiel de cette lettre fut communiqué à l'ambassade aux États-Unis en réponse au télégramme WA-3841 (Document 147).

<sup>1</sup> The substance of this letter was communicated to the Embassy in United States in reply to Telegram WA-3841 (Document 147).

It seems to us at this stage possible that we may wish to ask Italy, Greece and Yugoslavia to pay us in one form or another some amounts in their own currencies in respect of these Military Relief claims, that we would use in such a way as not to constitute a burden, or at least any serious burden, on their balance of payments. We should want to do this, I would think, if we follow the same or a similar course of action in regard to the Western European recipient countries, because it would hardly seem fair to discriminate too sharply between one group and the other. Moreover, in the case of Italy we may wish to take this Military Relief claim into account in deciding whether or not to release to Italy the remainder of the Canadian dollar equivalent of the lire obtained for Canadian troops in Italy. Whether the withholding of this equivalent of the lire would constitute in any way a settlement of the Military Relief claim is hard to say, particularly as we are under no binding obligation in international law to make payment for the lire. However, in one way or another it is conceivable that we might get some small return or concession or offset out of the claims on Italy, Greece and Yugoslavia. If this is the case, it would raise complications, if not difficulties, in connection with the settlement of the whole Military Relief arrangement.

As an answer to the difficulties outlined in the paragraph immediately above, it might be worth our having in mind a stipulation that we would be prepared to re-open the sharing of the claims if Canada obtained from its claims on all recipient nations a return that reduced its losses to a figure below that which was assumed when the sharing of the claims on the Western European nations was determined. The effect of this would be that if we collected no more from Italy, Greece and Yugoslavia than the amount we waived in respect of Western Europe, we would not have to make any readjustment with the United States, but if we collected more from the first group than we waived in the case of the latter group, then it would be necessary for us to make some readjustment, presumably with the United States. Whether or not the United States would wish to pass on to the recipient countries any credit we gave to them out of our collections, I cannot guess at this time.

It seems to me unlikely that we shall be able to collect in full from the Western European countries, even in terms of their own currencies, and extremely unlikely that we shall collect enough from all countries together to require any readjustment with the United States if we followed the principle outlined above. It would therefore seem that we would have to proceed on the understanding that we would be prepared to make such a readjustment if it were necessary.

I would not suggest you put forward the ideas outlined above to the United States until there has been a chance for our two Departments to discuss them together and then perhaps they might be explored informally with the British, after which we might take them up with the Americans. In the meantime, however, I think it would be desirable for us to tell the Americans that we feel unable to agree to a formal and final cancellation of the claims on Italy, Yugoslavia and Greece. In telling them this, I think it would be well to indi-

cate that our objections are really objections of principle, and particularly that we do not feel we can discriminate between one group of recipients and another, and we are not yet prepared to waive all claims against Western European countries.

Yours very truly,

W. C. CLARK

150.

DF/Vol. 3412

*Le directeur, la direction économique, le ministère des Finances,  
au sous-ministre des Finances*

*Director, Economic Division, Department of Finance,  
to Deputy Minister of Finance*

Ottawa, November 19, 1946

I have not had an opportunity to discuss this Dutch settlement with the Minister since he saw the Netherlands representatives, but perhaps now that Abbott is back from the West we should have some discussions about it. External Affairs rather exaggerated in paragraph 7 the degree to which we have crystallized our views. I told them I felt we were very likely to get very little, if anything, in respect of the old guilders, in regard to which we had a very poor legal and moral claim, and that if we were going to get anything out of the guilders, we might well concentrate our attention on the new ones. However, that should not be taken as indicating that I have come to that conclusion and certainly not that I have found out the Ministers' views on that matter.

I must say that I am perplexed about the Military Relief settlements and pessimistic about the guilder settlement. As indicated above, I think the best we can do on the guilders is to save some useful balance from the new guilders that we have accumulated since the "money purge". If we are to try to get anything out of the old guilders, we shall have to put pressure on the Dutch from some other direction, and it might, for example, require us to agree to give them more credit next year if we are to get any settlement out of them in respect of these old guilders. As far as I know, there was no written or verbal understanding regarding their liability to us for these old guilders, and there is no way that we could prove, so far as I know, that they were acquired by legal means. I shall not attempt to expand here on the moral claim, except to say that the Dutch certainly regard it as very poor, if not non-existent.

In regard to Military Relief, I would prefer to wait until the division of claims in Washington is further ahead, but I think we should look at this with some care and in some detail, in the hope of deriving from it as much as we reasonably can and should obtain from these countries.

R. B. B[RYCE]

151.

CEW/Vol. 2157

*Le ministère des Finances au directeur, la direction économique,  
le ministère des Finances*

*Department of Finance to Director, Economic Division,  
Department of Finance*

Washington, November 19, 1946

Dear Mr. Bryce,

I have hardly come to grips with the Military Relief situation as yet, but I thought that you might like to have an interim report indicating the way the wind is blowing and the prospects for a satisfactory settlement. To begin with, I should sound a note of warning in case you are expecting this question to be resolved in the course of the next few days. It seems more likely to me that taking into consideration the very great divergency between the British and the American viewpoints—of which evidence is apparent in every verbal encounter that occurs—that the settlement is likely to be indefinitely delayed unless discussions are taken to a higher level, where major policy decisions can be made.

However, on the simpler question of arriving at firm figures I think that before this week is out we will have a fairly good idea of the relative contributions of the three countries concerned. Even in this line, judging by the results of the first meeting which was held yesterday afternoon, there is a tendency on the part of both the Americans and the British, but particularly the latter, to make a knock-down, drag-out battle out of every issue if it appears that in doing so they can improve their bargaining position, no matter how slightly. Yesterday, for instance, the question of taking into consideration charges beyond ships' tackle had reached a virtual deadlock, but, surprisingly enough, it was our arguments which finally resolved the issue, and I think you will be pleased to know that the charges beyond ships' tackle are tentatively to be waived, but with the individual countries retaining the right to bill the recipient countries, unilaterally, for any charges of this nature which they feel might have been incurred in the movement of the military relief supplies. I think that the intention in retaining this right of billing is not so much with a view to making collections thereon, but rather to have an effective weapon ready in case any of the Northwestern European countries come up with some counter charges which they wish to have applied against the main bills for Military Relief.

The Tripartite Settlement Committee has not yet discussed, formally, our request that the Canadian contribution be considered at current exchange values rather than at pre-July 5th rates. However, this subject has been broached, informally, to both the British and the American representatives and although it would appear that we may have some difficulty in putting across this idea, it would seem, on the surface, that we have a good chance of doing so. In any event, we have indicated that this is a question on which the

Canadian Government is adamant and that it is one point in connection with which we feel fully convinced of the validity of our case.

Unfortunately, to date we have been running into interference in view of the fact that the discussions on the economic unification of the British and American zones in Germany have been going on concurrently with our discussions on Military Relief. Since a number of the British and American delegates are required to participate in both sets of discussions, we have, from time to time, had to give way to the higher priority problem. The result has been that we are not quite as far along as might be desired in either the Billing Committee or the Settlement Committee. It would appear, however, that the American figure for Military Relief contribution will be in the neighbourhood of \$1,160 million (as compared with \$1,073 million in their preliminary figures) and that the British contribution will be in the neighbourhood of \$493 million (as compared with their former figure of \$468 million dollars). Against these amounts we have tentatively raised the Canadian figure to \$93 million (at current exchange rates). Using these figures, I have made a rapid calculation based on both the British and the American formulas and, surprisingly enough, it would appear that we are still in the happy position of being able to claim something over \$4 million regardless of which view prevails. Of course, neither the British nor the Americans are aware of this fact and I think that they are a bit bewildered at our seeming neutrality to date. It is possible that they may have an idea of what our final aim is, but I do not think they realize that we are in the fortunate position of not really caring which formula is used for working out the final settlement provided that our contribution is included at the figure we are suggesting.

That is all I have to say for the time being except to add that I have been interviewed by Mr. Wrong, who has expressed the hope that we will be able to have this matter resolved without having to call on him. I suggested that I felt that you were also anxious to see the end of the question and that it was hoped that a satisfactory settlement could be achieved without having to call on "heavier artillery", but that for the time being at least that possibility seemed very remote.

Yours sincerely,

S. P[OLLOCK]

152.

CEW/Vol. 2157

*Le ministère des Finances au directeur, la direction économique,  
le ministère des Finances*

*Department of Finance to Director, Economic Division,  
Department of Finance*

[Washington,] November 21, 1946

Dear Mr. Bryce,

Since speaking to you this morning I thought you might be interested in more detail than I was able to convey in our telephone conversation.

Yesterday afternoon Dick Murray and myself had a long conversation lasting approximately two hours, with Jackling, Christelow and Griffiths concerning our suggestion that the Canadian contribution to military relief be included at current exchange rates. The impression which they conveyed at the outset was one of absolute opposition to our suggestion, but as the discussion proceeded it seemed evident that this stand was taken with a view to strengthening their bargaining position because as subsequently turned out, they suggested that they would be prepared to bargain their support of our position as a quid pro quo for our support of their formula for dividing the UNRRA receipts.

Throughout the discussion however, both Murray and I insisted that the inclusion of Canadian contributions at parity was not a question on which any bargaining could take place. We indicated that the Canadian Government was absolutely convinced that the figure which should be used for our contributive share should be one that could be reconciled with the figures appearing in the Dominion accounts and that it would be difficult for us to support any settlement computed on any other basis. We also intimated that at the present time the acceptance of our position on this matter would permit us to remain absolutely neutral in any discussion which might ensue later between the Americans and the British. We did not say so in so many words, but we indicated that if through the active opposition of either the U.S. or U.K., the Canadian contribution were to be included at the pre-parity figure it might then be necessary to review the whole question with a view to ascertaining what type of settlement would be in the best interest of Canada, and on that basis our current position of neutrality, with a certain amount of sympathy for the British desire to receive compensation for their overprocurement, might have to be altered.

The discussions ran throughout the whole range of politics, accounting, economics and mathematics, with the British on the one hand attempting to show we were asking for an unreasonable concession and we on the other attempting to prove that our position was a reasonable one. I think, however, that Murray and myself must have seemed very convinced of the strength of our position, and as we were prepared to be as patient as they, the discussion finally reached the point where they enquired what would be the real effect of increasing our figures on Canada's share in the final settlement. We, of course, insisted that we did not have sufficient data on the totals of the British and American contributions to answer this question, (although as I indicated to you in my letter of November 20, we have made a rapid calculation which indicated that we would be able to claim something over \$4 million.) Christelow then indicated that they might be willing to waive their opposition to us if it did not mean that in the final analysis Canada would be receiving too large a portion of the UNRRA funds. When I enquired what figures he would consider to be "too high", he said that any settlement in which Canada would retain the 3½ million UNRRA dollars already held there and possibly some small amount in excess of that amount

would seem to be satisfactory to the U.K. However, through the alteration in our figures it should turn out that we were to receive some large sum, say between 8 and 9 million dollars, that the U.K. would have to register their objections [*sic*]. We then said that we thought that in fact, our share would be in the neighbourhood of the figure which they had indicated to be reasonable whereupon the U.K. representatives seemed to be quite satisfied and gave the impression that when the matter came before the meeting of the Tri-partite Settlement Committee they would not oppose us actively.

In between the various phases of the above discussions there was some mention made of the sale of the FWD Vehicles in the U.K. Griffiths for a time argued that since these vehicles had never actually been delivered as civil affairs supplies, they should fall outside the settlement and that Canadian expenditures thereon should be deleted from our contribution. On this basis any returns from the sale of the vehicles would accrue to Canada. We however, held that these vehicles had been delivered to military relief pool in the U.K. and that so far as Canada was concerned they were considered to be part of our contribution. Jackling agreed with us, saying that so far as he could see, there was no difference between these vehicles and the other end stocks in Europe. Since it was pointed out that the major portion of the \$3 million which we expected to receive from the sale of FWD's, would probably go to the U.K. in any final settlement the question was dropped, and I think it unlikely that we will hear any more about it in the Committee Meetings unless the Americans bring it up, which seems very improbable.

I do not know whether the above outline is entirely clear, but in any event, as you have indicated that you are likely to be here on Monday or Tuesday of next week it will probably be possible to go over the whole question with you in detail. Possibly if you are here when the Settlement Committee meets again you may be able to find time to attend and present the Canadian case. However, it seems to me that barring any sudden and unforeseen change in the attitude of the British and the U.S. representatives on our request for inclusion of the Canadian contribution at parity, that we have only to sit on the sidelines and wait for the U.S. and U.K. to reach agreement and on this basis you may not feel disposed to attend.

Yours truly,

S. P[OLLOCK]

153.

DEA/2295-AH-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-4410

Washington, December 16, 1946

MOST IMMEDIATE. Following for S. D. Pierce from Murray, Begins: Bryce and I will be meeting the British at 3:00 o'clock this afternoon to discuss

military relief settlement and the United States proposal, now strongly concurred in by the United Kingdom, to formally cancel our claims against Italy and Greece.

We propose to say that we are ready to recommend, subject to the concurrence of our Ministers, that we take five per cent of the claims against North-western Europe. On the basis of the present figures, this would entitle us to 5.5 million from the other receipts. We could then keep the 3.5 million of the UNRRA money now being held in Canada plus 4/7ths of the \$3,500,000 receipts which should accrue from the sale of the F.W.D.'s called forward as military relief supplies from Canada but which did not leave the United Kingdom. Pollock, Department of Finance, knows the background of this proposal, which arises out of our informal discussions, two weeks ago, with the United Kingdom officials in Washington.

We will also say that we cannot, at this time, agree to cancelling our claims against Greece and Italy since we feel that such action would seriously jeopardize our already slim chances of collection from the Northwestern European countries. If we were, in due course, persuaded of the desirability of cancelling these claims, we would prefer to base our action on the fact that UNRRA had found (and we had tacitly concurred in that finding) these countries to be unable to pay. Yugoslavia and Albania would be included in this category; this would mean that, on this basis, we should have to cancel our claims against all four countries at the same time.

I shall try to telephone you shortly after 2:30 this afternoon. Ends.

154.

DEA/2295-AH-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-3177

Ottawa, December 17, 1946

IMMEDIATE. Following for Murray from Pollock, Begins: Military Relief Talks.

Following is text of a special delivery air mail letter sent to Mr. Bryce yesterday concerning the proposed meeting on Wednesday regarding special audit of Military Relief accounts of which we spoke in our phone conversation yesterday. Begins:

"I am enclosing a copy of 'Data on Canadian Military Relief'† prepared by Littlepage which provides an accurate accounting record from the Canadian point of view of the whole Military Relief operation.

When speaking to Dick Murray this morning concerning the proposed settlement, he stated that he thought you would be attending a meeting on

Wednesday concerning a proposal that the Military Relief accounts be subjected to an outside audit and he enquired as to departmental views on this subject.

It has not been possible to discuss this matter with Dr. Clark but I was able to run over it briefly with Mr. Pierce and Herb Moran of External Affairs, and it is our general consensus of opinion that in view of the accuracy of the Canadian record that we would be in an extremely strong position should an impartial audit be held. In fact, Mr. Pierce thought that such an audit might go a long way toward answering any possible criticisms which might arise in future. Presumably, he was referring to Parliamentary criticism but the same thing would apply to possible investigation of the expenditures by the Auditor-General and in addition might prove a useful reply to North-west European countries if they were inclined to question the billings submitted to them for payment.

Furthermore, according to conversations I had with Mr. Connor<sup>1</sup> in Washington, it seems likely that the figures for contributions of both the U.K. and the U.S., but particularly the latter, might prove to be considerably in excess of the true values of the commodities they provided for Military Relief. I suggested to Dick that it might be very useful to discuss this question with Mr. Connor before the meeting in question.

The only conceivable objection which might be registered against an audit of this nature, aside from the cost of the audit, would be in that if it uncovered any serious accounting discrepancies it might delay the final settlement for many more months and possibly for years. You might consider this eventuality to be so undesirable that you would not be inclined to press for the principle of an outside audit. However, Mr. Pierce feels that if the facts are as indicated above the effect of the audit could only be to improve the Canadian position so that we should, at worst, adopt a neutral position in the event that either of the other countries concerned feel that the audit is essential.

I will try to clear this question with Dr. Clark to-morrow morning and let you have any further observations that he may make by teletype." Ends.

I was able to see Dr. Clark this morning. He stated that in the absence of more detailed information concerning the nature and scope of the proposed audit and the attitude of the U.S. and U.K. toward it the position stated in the letter would appear to be a satisfactory one. He added however that he thought that in the meeting the views expressed by Mr. Bryce or yourself should be largely tempered by those expressed by the U.K. or U.S. representatives. From an accounting point of view we are in a relatively strong position and since in terms of overall contributions the U.S. and the U.K. were the main contributors to the operation you should feel constrained not to oppose them actively if they present a strong case for or against a special audit.

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<sup>1</sup>D. H. Connor, représentant de la Trésorerie du Canada à Washington.

<sup>2</sup>D. H. Connor, Representative of Canadian Treasury in Washington.

155.

DEA/2295-AH-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-4421

Washington, December 17, 1946

My WA-4410, December 16th, Military Relief.

Bryce and Murray met Christelow, United Kingdom Treasury, and Jackling, British Embassy, to discuss what division of the 105 million dollar payment from UNRRA we would be prepared to recommend to our Governments. Bryce produced a new calculation of a possible civil affairs settlement which I shall forward in my immediately following plain language teletype. In this calculation, the N.W. Europe claims were apportioned on the basis of 62, 33, and 5%. The practical result of this is to give us 5.5 million; 3.5 million from UNRRA and 2.0 million from the F.W.D. trucks. Christelow and Jackling and, later, Seeman, found this quite acceptable, with one firm proviso; if the F.W.D. trucks are sold for sterling, the United Kingdom could not, repeat not, convert the sterling receipts into dollars. The British will not, for example, undertake to make any special increase in their fixed annual allotment of dollars to Iraq in order to facilitate the sale of some of these trucks to Iraq, for dollars. Bryce has informed MacCrimmon of the Mutual Aid Board of the United Kingdom position on the sale of these trucks, but he has not had time to inform Leonardow of the Amford Corporation of New York that it will be necessary for him to dispose of these trucks for either United States or Canadian dollars.

The setting out of these proposals (which are still only what we are prepared to recommend to our Governments) in an agreed memorandum remains very much dependent on the State Department officials clearing this proposed plan of settlement both with their own hierarchy and the numerous branches of the Government concerned with military relief.

The Tripartite Settlement Committee will be meeting Wednesday afternoon at 3, and we hope then to get some indication that progress towards acceptance of this settlement is being made in the State Department.

*Proposed Cancellation of Combined Military Relief Claims on Greece and Italy:*

On this point, all the British want is our concurrence in their proceeding to announce their intention to cancel their claims on Greece and Italy. Bryce indicated that we have no objection to the United Kingdom proceeding to announce their intention to cancel provided that we are not manoeuvred into taking the same action, since we have good and sufficient reasons to maintain our claim. Christelow and Jackling said they would not wish to have our refusal to cancel our claims result in the United States and United Kingdom shares of the Italian and Greek claims being entered as losses and our share entered as a receipt, or even partial receipt. We will be discussing this question with the State Department at tomorrow's meeting.

156.

DEA/2295-AH-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-4422

Washington, December 17, 1946

Reference my WA-4421 of today's date, Military Relief. I am quoting below the calculation referred to, Begins:

<i>Contributions</i>	<i>Settlement</i>			
	<i>(Bryce, December 16th)</i>			
	<i>(In millions of dollars)</i>			
	<i>Total</i>	<i>U.S.</i>	<i>U.K.</i>	<i>Canada</i>
	1725.8	1131.7	499.7	94.4
<i>Potential Collections</i>				
N.W. Europe	350.			
UNRRA	105.			
Zone commands	79.3			
French zone	7.5			
Total	541.8			
Add FWD trucks—say—	3.5			
New Total	545.3			
Total loss	1180.5			
Allocation 1st \$400 loss	400.	268.0	100.0	32.0
Remainder (74:21:5)	780.5	577.6	163.9	39.0
Total loss distribution	1180.5	845.6	263.9	71.0
Total receipts due:	545.3	286.1	235.8	23.4
Less credits from zone commands	79.3	41.3	38.0	—
Receipts to be apportioned (Memo-shares if all procured evenly)	466.0	244.8	197.8	23.4
	(466.0)	(344.8)	(97.9)	(23.3)
One-half NW Europe claims apportioned on 62:33:5 per cent basis	350.0	217.0	115.5	17.5
French zone claims, ditto	7.5	4.6	2.5	0.4
Residual shares in UNRRA and FWD truck disposal	108.5	23.2	79.8	5.5
UNRRA claims	105.0			3.5
FWD disposals	3.5			2.0

Ends.

CHAPITRE III/CHAPTER III

RÈGLEMENT DE LA PAIX AU JAPON

PEACE SETTLEMENT IN JAPAN

PARTIE 1/PART 1

OCCUPATION ET CONTRÔLE

OCCUPATION AND CONTROL

157.

DEA/50061-40

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

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

No. 3

Ottawa, January 3, 1946

TOP SECRET

Excellency,

I have the honour to acknowledge receipt of your Note of December 29, 1945 in which, in the name of your Government and on behalf of the Governments of the United States of America, Union of Soviet Socialist Republics, United Kingdom and China, you extend an invitation to the Canadian Government to participate in a Far Eastern Commission. I am happy to inform you that the Government of Canada accepts with pleasure the invitation to participate in the Commission on the basis of the terms of reference contained in your Note.

2. I should be glad if you would inform your Government that the Government of Canada will be represented on the Commission by Mr. L. B. Pearson, Canadian Ambassador to the United States.

Accept etc.

W. L. MACKENZIE KING

158.

W.L.M.K./Vol. 283

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] March 6, 1946

The Far Eastern Commission held its first meeting in Washington last week as the successor to the Far Eastern Advisory Commission. E. H.

Norman who represented Canada on the inspection trip to Japan of the Far Eastern Advisory Commission a few weeks ago, attended the inaugural meetings. The main difference between the old and the new commissions is that the Soviet Government is represented on the new body. Norman reports that the Soviet representative was not obstructive.

The F.E.C. is an interesting attempt to define policy towards occupied Japan by joint action among the most interested Allied governments. From our point of view it is far more satisfactory than the system adopted in Germany with power held by the U.S.S.R., U.S.A., U.K. and France alone. We should, I think, ensure that Canada is adequately represented on the Commission and some of its sub-committees (which number eleven in all) and should pull our weight in the discussions. It is too early to say how effective a body the Commission will be but we should do our part to see that it becomes an important and useful agency.

We have been represented on the Far Eastern Advisory Commission at its Washington meetings by Pearson who has been accompanied by a civil and a military adviser. The new body, however, will require for a time at least greater attention than Pearson can give to it without special assistance. I, therefore, think that Norman should be temporarily attached to the Embassy in Washington to act as Pearson's alternate on the Commission and to sit on some of the sub-committees. He is certainly the best man we can produce for this work and he is already well known to and highly respected by many of those associated with the work of the Commission. He is returning to Washington at the end of this week to attend next week's meetings. Before he leaves I should like to tell him that he can count on staying in Washington for several weeks at any rate.<sup>1</sup>

N. A. R[OBERTSON]

159.

DEA/8620-M-40

*Mémorandum de la troisième direction politique<sup>2</sup> au sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum from Third Political Division<sup>2</sup> to Under-Secretary of State  
for External Affairs*

Ottawa, May 10, 1946

CANADIAN REPRESENTATION IN JAPAN

The attached teletype from Washington, WA-1981,† dated May 9, 1946, indicates that SCAP has concurred with the suggestion of the State Department that representation in Japan be accepted from Governments which are "neither neutral or participants". This would apply to Canada.

<sup>1</sup> La note suivante était écrite sur ce mémorandum:

<sup>1</sup> The following note was written on the memorandum:

Approved by PM. J. A. G[IBSON] 7/3/46

<sup>2</sup> De G. S. Patterson.

<sup>2</sup> By G. S. Patterson.

You will recall that the United Kingdom and Australia have had representatives of the Foreign Offices and External Affairs attached to their respective military Missions and the suggestion had been made that the establishment of a Military Mission might be the most effective way to provide for our representation also. In your letter of April 16th to Mr. Pearson,† you pointed out the advantage of a civilian liaison mission and the anomaly of a United States' objection to a modest political and economic representation. It now seems clear that a civilian liaison Mission will be accepted and Mr. Pearson suggests that we indicate to the United States Government our wish to send the mission, name the head of the mission with his rank, indicate the position of other officers in the mission and the number of clerical staff, and state that housing (i.e. Canadian Legation in Tokyo) is available.

You will recall also that in our request to the United Kingdom Liaison Mission that they should assume responsibility for protection of Canadian interests in Japan as from April 15th, it was indicated that this would be on a provisional basis until a Canadian representative should be appointed.

In order to provide for the services which such a mission should render (see my memorandum to you of February 21, 1946),† it is suggested that we now request that a civilian liaison mission be established in Japan with the following representation:

1. Dr. E. H. Norman, Head of Mission
2. One or two Commercial Secretaries,  
to be nominated by the Department  
of Trade and Commerce
3. A Military Attaché
4. Clerical Staff

Dr. Norman's qualifications for heading the Mission are well known. While serving as adviser on SCAP staff and later as Canadian representative on the Far Eastern Commission, he gained the confidence of General MacArthur and other leaders in U.S. headquarters to a remarkable degree. This should make it possible for him to do effective work in the present situation and enable him to render valuable reports on broad political developments.

If a person with the qualifications of Lieut.-Colonel A. P. MacKenzie, now in command of the Canadian Army Japanese Language School in Vancouver, could be named as Military Attaché, he would not only be able to maintain suitable liaison with the U.S. Army forces in Japan, but would also fill the immediate requirement of External Affairs for further quasi-diplomatic representation. Colonel MacKenzie's familiarity with Japan and unusual knowledge of the Japanese language would enable him to supply both N.D.H.Q. and External Affairs with valuable reports on the rapidly changing situation in Japan, both from a military and political standpoint, and thereby greatly assist Dr. Norman in his work.

The Department of Fisheries are planning to send a representative to report on the fisheries situation in Japan as soon as suitable arrangements can be

made. They would wish him to be attached to the Canadian Mission. If a Mission such as is proposed above were established it would be possible from time to time to attach to it experts whom we may desire to send to report on special phases of the economic situation.

There has been considerable delay since the possibility of having Canadian representation was first considered due to the unwillingness of the United States to receive civilians who were not attached to SCAP's staff. In the course of these negotiations, the Departments of Trade and Commerce, Reconstruction and Fisheries have all expressed their desire to have experts sent as soon as possible. It would, therefore, be desirable if early authorization could be given to make the request suggested by Mr. Pearson.

160.

W.L.M.K./Vol. 283

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

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

TELEGRAM 1028

Ottawa, May 22, 1946

TOP SECRET. Following from Wrong, Begins: Reference Dominions Office telegrams D.508 and 509 of May 18.†

We assume that United States proposal for 25-year treaty on Disarmament and Demilitarization of Japan is before the meeting of Commonwealth Ministers, and therefore that Cabinet consideration here may be at any rate deferred. From preliminary examination the following comments arise:

1. In the United States drafts relating both to Japan and Germany the perpetuation for 25 years of the four-power pattern is questionable.
2. Long-term commitments by the United States along these lines should be welcomed.
3. The proposal bears on the responsibilities of the Far Eastern Commission and should at an early stage be considered by it if the Commission is to serve any serious purpose.
4. We have grave doubts whether Canada should seek to be included as a signatory. If, however, all the active belligerents against Japan and Germany were asked to become parties to the two proposed treaties, Canadian participation might be seriously considered.
5. The effect of the conclusion of such a treaty on the prospects of development of real collective responsibility for the preservation of peace through the United Nations must be borne in mind. At San Francisco it was understood that Article 107 of the Charter would apply only in transitional period, but this proposal would apparently extend its application until 1971.

Please discuss the question with Mr. Robertson and let us know if further immediate consideration here is desirable. We have not yet examined the proposal from the drafting point of view. Ends.

161.

DEA/8364-40

*Extraits de dépêche de l'ambassadeur aux États-Unis  
au secrétaire d'État aux Affaires extérieures*

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

DESPATCH 1183

Washington, June 4, 1946

SECRET

Sir,

I have the honour to report on the work of the Far Eastern Commission and to suggest what future Canadian interests in the Commission may be. I shall attempt below to review briefly the activities of the Commission and its committees since it became the Far Eastern Commission in place of the Far Eastern Advisory Commission, and in passing, to comment on the attitude of the representatives of the eleven nations sitting in it.

2. It has become increasingly evident since the inauguration of the Far Eastern Commission in February of this year that the United States policy has been to shield the Supreme Commander for the Allied Powers against Far Eastern Commission pressure, while at the same time assuring the Commission that, provided it does not encroach upon details of occupation administration, its decisions on broad policy would be welcomed by the United States Government. On the whole, however, the former consideration, namely to protect SCAP, overrides the second, and to such an extent that those members of the Commission who have been working most energetically to fashion policy directives for the Commission as a whole are now plainly growing discouraged.

3. A problem which continually plagues the work of the Commission is the legalistic manner in which distinction between policy and implementation is asserted by the United States representatives. If one insists that the Far Eastern Commission should have no interest whatever in the implementation of occupation policy, it will readily become apparent that practically no policy can be devised which could not in some measure be interpreted as implementation. Another consideration frequently confronting members of the Commission is that they must exercise the greatest care in drafting a policy document or a request for consultation so as not to graze, much less strike at the prestige of SCAP. Although members of the Commission have on various occasions expressed ungrudging admiration of SCAP, and with the possible exception of the Russians have no desire to obstruct him in his task, they are obviously growing somewhat impatient with the continual warning to keep ever before them the susceptibilities of the Supreme Commander, especially

when these susceptibilities are, if possible, exaggerated in the fearful imaginations of United States representatives who must have perpetually impressed upon them by the War Department the dire results which would arise from thwarting his wishes.

19. Our own position has been in general not to oppose the United States on important matters, but at the same time to go along wherever possible with the majority of the Commission in matters where its own terms of reference seem to be obviously restricted by the United States fear of offending SCAP. In economic matters we have tended to follow the United Kingdom rather than the United States position.

20. The immediate prospects for the Commission are somewhat gloomy since it has been made unmistakably clear that the United States policy is to keep a tight rein upon it. As long as General MacArthur remains in Tokyo, the United States Government will defer to him on every vital question rather than to the majority opinion of the Far Eastern Commission. One should mention, however, that there appears to be an honest difference of opinion among United States representatives of the Commission, which is particularly noticeable on committee level. These representatives, mostly from the State Department, often show misgivings at the somewhat high-handed tactics of SCAP and are obviously gratified whenever the Commission is able to take a decision which produces some definite policy. There are even signs of late that the Chairman himself, the shield and buckler of SCAP against Commission pressure, is becoming restive in the embarrassing position in which he frequently finds himself when trying to explain SCAP's attitude toward the Commission. But on all important matters the War Department policy of curbing the Commission has won out over the State Department hope of the Commission discharging its responsibility.

21. These observations may be of some interest as throwing some light on the internal politics in Washington, but the fact remains that the Commission is being held very tightly in check by the United States so that it would appear that the War Department policy is in fact decisive. Thus a sense of frustration can be noted amongst the more forthright representatives, particularly those of New Zealand and Australia.

22. Despite these difficulties and frustrations, for the present we should do what we can to keep up our representation in the Commission, although necessarily on a reduced scale. In view of the imminent departure from the Embassy of Mr. Morrow who has been sitting in on the Reparations Committee, and Mr. Norman's appointment to Tokyo, and in the absence of additional staff in the Embassy, it is obvious that it will be impossible to keep our representation as full as it has been in recent months. While we would not have any intention of pulling out of the Commission altogether, we ought perhaps to cut our representation on some of the committees, notably Reparations, and Aliens in Japan, but participate as actively as need be on the Steering Committee and Commission levels. Our activity on this higher level

will be greatly aided by constant guidance from Ottawa, particularly on economic matters where long range Canadian interests in Japan chiefly lie. As for estimating the prospects of Canadian trade with Japan, and in assessing overall United States policy for Japan, it is possible that our projected mission in Tokyo may be able to accomplish as much or more as representation in the Far Eastern Commission.

23. It might be premature to attempt now any final judgment on the prospects of the Far Eastern Commission, although as suggested above, the developments to date are rather discouraging. As with any international experiment, perhaps the greatest quality necessary for even modest success is patience, and certainly the Far Eastern Commission has shown that it has a considerable store of it. Participation in the organization has given as a useful by-product, considerable insight into the policies and tactics of other powers in their Far Eastern relations. The Commission itself is an interesting and I believe unique experiment in occupation policy, and there is on the credit side of the ledger at least the negative merit that the international machinery for dealing with Japan has not produced such confusion and tensions as in the case of Germany.

I have etc.

L. B. PEARSON

162.

DEA/8620-M-40

*Soumission au Conseil*

*Submission to Council*

July 9, 1946

The Committee of the Privy Council have had before them a report, dated 8th July, 1946, from the Secretary of State for External Affairs, representing:

That it is expedient to establish a Canadian Liaison Mission in Japan;

That the purpose of the Mission will be to:

- (a) assume protection of Canadian interests in Japan;
- (b) render services as required to Canadians resident in Japan;
- (c) seek recognition and protection for Canadian property titles;
- (d) deal with problems of Allied Nationals and others who may be seeking entry to Canada;
- (e) report on political, economic and cultural developments in Japan;
- (f) recommend policies affecting future Canadian trade;
- (g) cooperate with such representatives as the Canadian Government may wish to send to Japan from time to time; and

That the Supreme Commander of the Allied Powers in Japan, General MacArthur, has expressed his readiness to accept a Canadian Liaison Mission, to be headed by Mr. E. H. Norman of the Department of External Affairs and to include an Economic Attaché and two stenographers.

The Committee, on the recommendation of the Secretary of State for External Affairs concurred in by the Minister of Trade and Commerce, advise that approval be given to the establishment of a Canadian Liaison Mission in Japan accredited to the Supreme Commander of the Allied Powers; the Mission to consist of Mr. E. H. Norman of the Department of External Affairs as Head of the Mission, together with an Economic Attaché appointed by the Minister of Trade and Commerce, and two stenographers, and that the Secretary of State for External Affairs be authorized to enlarge the Mission as circumstances may require.<sup>1</sup>

A. D. P. HEENEY

163.

DEA/8620-M-40

*Le secrétaire d'État aux Affaires extérieures au commandant en chef  
pour les Puissances alliées au Japon*

*Secretary of State for External Affairs to Supreme Commander  
for the Allied Powers, Japan*

Ottawa, July 10, 1946

Dear General MacArthur,

I have been informed by the United States Department of State of your willingness, as Supreme Commander of the Allied Powers, to receive a Canadian Liaison Mission in Japan and of your agreement to the appointment of Mr. E. Herbert Norman as Head of the Mission.

Through his recent experience in Japan as Canadian representative on the Far Eastern Commission and as a member of your staff, Mr. Norman has had an opportunity to learn something of your problems and achievements. Thus, while the primary purpose of the Canadian Liaison Mission will be to represent Canadian interests, it is our hope that a renewal of Mr. Norman's cordial relations with yourself and with your staff may result in mutual benefits to the Governments of our respective countries.

In commending Mr. Norman to you, I should like to express my personal appreciation of the services you have rendered the cause of the Allied Powers through the able administration of your Command. May I also extend best wishes for your continued success in the arduous and highly important duties which you have been called upon to discharge.

Yours sincerely,

W. L. MACKENZIE KING

<sup>1</sup> La soumission fut approuvée. Voir Décret du Conseil P.C. 2826.

<sup>1</sup> The submission was approved. See Order in Council P.C. 2826.

164.

DEA/4606-F-2-40

*Extrait d'un rapport mensuel de la mission canadienne de liaison au Japon*  
*Extract from a Monthly Report of the Canadian Liaison Mission in Japan*

SECRET

[n.d. 1946]

September 1946

. . .

## II. CANADIAN INTERESTS IN JAPAN

In accordance with my instructions among the first questions which I took up with GHQ related to the entry to Japan of representatives of Canadian insurance companies and of Aluminum Limited. Although we found little encouragement for the prospective entry of insurance representatives, in general it was apparent that it was SCAP's policy to discourage as much as possible the entry to Japan of representatives of any special foreign interests, economic or financial. I was assured unofficially, however, by Mr. LeCount of E.S.S., that if all other methods failed, if we attached one representative of Canadian insurance companies to our Mission in the capacity of a Financial Attaché or some other title, there should not be any serious objection or difficulty. In the meantime, as reported in telegrams, we have recommended that both life insurance and Aluminum, and other qualified and interested representatives of Canadian business firms, be included on the restitution teams which we understand will be invited by SCAP to visit Japan. There is some doubt whether these teams would have to be attached to their respective missions, but as the tendency is to require each mission to support its own nationals, in some cases even when working for SCAP, it is likely that they would have to [be] based on our Mission, which would present us with considerable difficulty in regard to proper billets, transportation and other facilities.

Although this seems to be the best method of meeting the question of getting representatives of legitimate Canadian interests to Japan, if the plans for forming a team and sending it to Japan remain unrealized for some time, we might seriously consider attaching for six months or so, one representative of Canadian life insurance, presumably the Sun Life agent, to Mr. Kenderdine's<sup>1</sup> staff here.

## III. CANADIAN NATIONALS IN JAPAN

Since arriving in Japan I have seen and entertained all Canadian nationals living in the Tokyo-Yokohama area, while Mr. Kenderdine, on a recent trip to the Kansai, was able to visit those living in or near Kobe, Osaka and Kyoto. In time I hope to be able to see all Canadians living in Japan as I get time to leave Tokyo for any extensive trips. In Despatch No. 2 of August 30† I sent you a revised list of Canadians in Japan and their addresses, to-

<sup>1</sup> Conseiller économique, la mission canadienne de liaison au Japon.

<sup>1</sup> Economic Adviser, Canadian Liaison Mission in Japan.

gether with an appendix of Canadian officers and civilians working here in some connection with the occupation.

The largest group of Canadian nationals consists of the Franciscans, living in the outskirts of Tokyo, whose chief at present is Msgr. LeBlanc, and the Dominicans, mostly in or near Sendai, whose senior representative at present is Father Dionne. I have had three visits from Father Dionne; because of the comparative proximity, I have seen Msgr. LeBlanc quite often.

Father Robillard, the head of the Sulpiciens, residing in Fukuoka, visited the Legation recently. He was the first Canadian to express the need for a remittance of funds from Canada. I advised him to adopt the following procedure. The head of his Order in Montreal should request (I presume through the Department and the Embassy in Washington) a licence from the Treasury Department for the remittance of a specified amount of United States dollars to GHQ here, which in turn will notify and transmit the funds direct to the person initiating the request. Although Father Robillard did not expect to require funds for his school and church before the next two months or so, I offered to expedite the process if he wished by telegraphing the Department.

The Franciscans here in Tokyo have been experiencing great trouble in withdrawing sufficient funds from their bank account for their normal living and to complete the necessary repairs to their building. With GHQ's permission, I was able to accompany them to the Ministry of Finance where their full account was unfrozen, allowing them to draw on it as they required. This was possible by virtue of a SCAP directive of which Msgr. LeBlanc had not known, and which his bank had not seen fit to inform him, permitting aliens who were interned here during the war to have their bank accounts classified as "A" accounts against which they may draw freely on application.

The chief problem facing the Dominicans has been the recovery and repair of property belonging both to their Order and to the Good Shepherd sisters in Sendai. The history of the property is briefly that after the outbreak of war the Japanese Army compelled the Catholic Corporation in Sendai to sell the buildings and land at a ridiculously low price of approximately Y261,000. Shortly after the end of the war when Father Dionne attempted to recover the property he was told that it was now state property of the Japanese Government—a category which made recovery more difficult. In the meantime he negotiated with the prefectural authorities in Sendai who took the attitude that the original sale was free and that because of the inflated currency it should be repurchased at roughly Y680,000. During the war the property had deteriorated and many repairs were necessary. Father Dionne requested that the Japanese Government pay for repairs and that the cost be deducted from the price they were asking, a price which he was incidentally not prepared to pay. The negotiations became more and more complicated, so shortly after my arrival here, Father Dionne came to Tokyo to take the matter up with our Mission and the Civil Custodian's Office. Both he and I visited General Tansey, head of the Civil Custodian's Office, and

just before Father Dionne returned to Sendai he had the satisfaction of learning that the property will be returned as soon as he completes filling the necessary documents. There will be no question of repurchase at all from the Japanese Government. The officers in General Tansey's Section advised him to go ahead with the repairs, paying for them out of the money which he still had from the original sale and then later on, when the repairs were completed, to wrestle with the question as to who should bear the ultimate cost of the renovation. Although they have not given a definite promise on this, there is a reasonable hope that the Japanese authorities would bear these expenses also. The only unsatisfactory feature in the case is that the Japanese had built a road across one of the properties. On this matter the Civil Custodian's Office said they had no jurisdiction and could not compel the Japanese to change the road and restore the property to its *status quo ante*.

Living conditions for Canadians in Japan are far from easy or pleasant. The Japanese Government has been held much more strictly to account in supplying extra rations that foreigners are entitled to buy from the Japanese stores. In many localities such supplies are unavailable, or very scarce, or of poor quality. As I reported last winter, there is a wide difference in conditions according to the locality. In some areas near rich agricultural districts, it is much better than in those near large destroyed urban areas. Every Canadian has received in the course of the last two months, two distributions of Canadian Red Cross supplies. In outlying areas this distribution was done by the British Consular Office and the supplies were originally brought in by naval or other auxiliary vessels; it is gratifying to us that these parcels are of Canadian origin and much appreciated. All British nationals have received the same distribution. These distributions will continue until the present supplies are used up.

There has been set up in Yokohama an International Relief Committee headed by Mr. C. H. Moss, who is vested by the United States Army with permission to sell basic supplies to bona fide Allied nationals. In this area so far the Committee has sold some flour and clothing and hopes in time to be able to extend their services to the more remote country districts.

I have received in the course of the last week of September three applications for new Canadian passports for return to Canada. Valid passports are required by the United States authorities for travel to the United States.

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## PARTIE 2/PART 2

TRIBUNAL MILITAIRE INTERNATIONAL  
INTERNATIONAL MILITARY TRIBUNAL

165.

W.L.M.K./Vol. 375

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre**Memorandum from Under-Secretary of State for External Affairs  
to Prime Minister*

SECRET

[Ottawa,] January 12, 1946

## FAR EASTERN WAR CRIMES—TRIAL OF LESSER CRIMINALS

1. Further to my memorandum of January 7, 1946†, with respect to the trial of the major Far Eastern war criminals, I should like to put forward some recommendations with regard to the punishment of particular Japanese accused of atrocities against Canadians. These recommendations are concurred in by the War Crimes Advisory Committee and the Deputy Ministers of National Defence and Justice.

2. If the Canadian interest in the punishment of such persons is to be protected, it seems to me that these arrangements should be concluded as soon as possible. I am wondering, therefore, if you feel that the following recommendations could be taken up with Cabinet for its approval at its next meeting.

3. The United States proposals make provision for the trial of particular accused by the national military courts of states "in occupation of areas formerly dominated by Japan".

Since there is no Canadian occupation force in the Far East, it would not be possible under the United States proposals, or under the War Crimes Regulations (Canada), for particular accused to be tried in that area by Canadian military courts convened under the Canadian regulations. Again, it would appear to be impracticable to move Far Eastern war criminals to Canada (or to other areas in which Canadian military forces are functioning) for trial. Military courts for the trial of particular persons accused of atrocities against Canadians would, therefore, have to be convened either by the United States military authorities or by the United Kingdom military authorities in their respective areas of occupation in the Far East.

4. Evidence of Far Eastern war crimes against Canadian nationals and members of the Canadian armed forces is being collected by a War Crimes Unit functioning at National Defence Headquarters, Ottawa. The Unit reports that there is an accumulation of evidence of atrocities committed against Canadians, both in the areas occupied by United Kingdom forces (e.g. Hong Kong) and in areas now occupied by United States forces (e.g. prison camps in Japan proper). In a number of these cases, the accused has been or can be identified. If the Canadian interest is to be protected, arrangements will have to be made for their trial and punishment.

5. In view of the above, it is recommended as follows:

(1) That approval be given to negotiating with the Governments of the United States and the United Kingdom arrangements whereby:

(a) provision will be made for the trial of persons accused of serious war crimes against Canadian nationals or members of the Canadian armed forces by military courts convened by the United States military authorities where the accused is within the jurisdiction of the United States occupation force in the Far East, and by the United Kingdom military authorities where the accused is within the jurisdiction of the United Kingdom occupation force in the Far East;

(b) military representatives, of a rank not less than that of Lieutenant-Colonel, from National Defence Headquarters, will be sent to Tokyo and Hong Kong to act in liaison with the United States and United Kingdom war crimes offices, respectively; such representatives to be vested with and to exercise the following powers and duties:

(i) to assist in the collection and collation of further evidence of atrocities against Canadians;

(ii) to assist in providing the United States or United Kingdom authorities with such available evidence from Canadian sources as may be considered of value to them;

(iii) to request the United States or United Kingdom military authorities to convene military courts under their respective regulations, for the trial of particular persons within their jurisdiction against whom, in the opinion of the appropriate Canadian military representative, a prima facie case of a war crime (within the limits of paragraph 4 hereunder) against a Canadian has been established;

(iv) to assist in the prosecution of Canadian cases if so authorized by the appropriate United States or United Kingdom authorities;

(v) to act in general liaison with United States and United Kingdom war crimes offices in the Far East.

(2) That the Canadian military representatives referred to immediately above be empowered to request from the United States or United Kingdom authorities trial of the following persons only:

(a) persons charged with or suspected of having committed a violation of the laws and usages of war; and

(b) whose alleged criminality has resulted in the death or permanent disability of a Canadian national or a member of the Canadian armed forces or whose offence is in other respects considered to be of a most serious nature.<sup>1</sup>

N. A. R[OBERTSON]

<sup>1</sup> La note suivante était écrite sur ce mémorandum:

<sup>1</sup> The following note was written on the memorandum:

166.

DEA/4060-C-40

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

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

TELEGRAM EX-204

Ottawa, January 23, 1946

SECRET. Trial and punishment of particular Far Eastern War Criminals accused of atrocities against Canadians.<sup>1</sup>

Would you please ascertain from the appropriate United States authorities whether the United States Government would approve an arrangement whereby particular Far Eastern war criminals now in the area controlled by United States forces, accused by Canadian military authorities of serious war crimes against Canadians, would be tried and punished by United States military courts, Canadian military personnel participating, where requested by the United States authorities, in the prosecution. Under United States proposals, military courts can only be convened by states now in occupation of areas formerly dominated by Japan. Moreover, under War Crimes Regulations (Canada) Canadian military courts can only be convened by senior officers in command of forces and, since Canada has no occupation force in the Far East, no courts could be convened in that area. If the United States authorities agree, an officer of a rank not less than Lieutenant-Colonel could be sent to Tokyo to exercise the following powers and duties:

(1) To assist in the collection and collation of further evidence of atrocities against Canadians;

(2) To assist in providing the United States authorities with such available evidence from Canadian sources as may be considered of value to them;

(3) To request the United States military authorities to convene military courts under their respective regulations for the trial of particular persons within their jurisdiction against whom, in the opinion of the appropriate Canadian military representative, a prima facie case of a war crime against a Canadian has been established;

(4) To assist in the prosecution of Canadian cases if so authorized by the appropriate United States authority;

(5) To act in general liaison with United States War Crimes Offices in the Far East.

It would be understood, moreover, that the Canadian military representative referred to above would be empowered to request from the United States authorities the trial only of persons charged with, or suspected of, having committed a violation of the laws and usages of war, whose alleged crim-

<sup>1</sup> Le Cabinet avait approuvé la participation du Canada dans les procès relatifs aux crimes de guerre en Extrême-Orient le 16 janvier 1946.

<sup>1</sup> The Cabinet had approved Canada's participation in the Far Eastern war crimes trials on January 16, 1946.

ality has resulted in the death or permanent disability of a Canadian national, or a member of the Canadian armed forces, or whose offence against Canadians is, in other respects, considered to be of a most serious nature.

The United States war crimes authorities in the Far East, under the proposed arrangement, would of course be entitled to determine whether or not a prima facie case has been established to their satisfaction in any particular instance and to decide whether or not a court should be convened. It is not expected that the number of requests for trial would be large.

A similar telegram is going forward to the Canadian High Commissioner in London with regard to Far Eastern war criminals under United Kingdom jurisdiction.

Could you please treat as most urgent and ascertain the United States reply as soon as possible. If the United States agree, you might also enquire as to the most expeditious means by which the Canadian representative could proceed to Tokyo.

167.

DEA/4060-C-40

*Le sous-ministre de la Défense nationale (armée) au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of National Defence (Army) to Under-Secretary of State  
for External Affairs*

Ottawa, February 15, 1946

Dear Sir,

## FAR EASTERN WAR CRIMES

The Government policy is understood to be that persons to be charged are those "charged with or suspected of having committed a violation of the laws and usages of war; and whose alleged criminality has resulted in the death or permanent disability of a Canadian national, etc., or whose offence is in other respects considered to be of a most serious nature". It is also understood that arrangements to implement this policy by action are incomplete and under consideration by the Governments involved.

The persons on the attached lists† are suspected of having committed War Crimes within the limits of the policy declared and a request should be made to the Governments concerned to have them apprehended if not already in custody, or held in custody if already apprehended, until such time as arrangements may be made for their trials.

Yours truly,

BASIL CAMPBELL  
for the Deputy Minister (Army)

168.

DEA/4060-C-40

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

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

TELEGRAM 521

London, February 21, 1946

IMMEDIATE. SECRET. Your telegram No. 190 of January 23rd,<sup>1</sup> Far Eastern war criminals.

1. Have received letter† from Sir Eric Machtig, Dominions Office, stating that the United Kingdom Government gladly agree to the proposals contained in your telegram for the trial by United Kingdom Military Courts of Far Eastern war criminals accused of crimes against Canadians and for the participation in these trials of Canadian personnel.

2. The United Kingdom authorities concerned have noted and concur in the functions which the Canadian Government suggest should be exercised by their representative at Hong Kong.

3. The letter concludes saying that the Commander in Chief, Allied Land Forces, South East Asia, who welcomes the Canadian Government's proposal, suggests that the Canadian representative should visit his Headquarters at Singapore before proceeding to Hong Kong.

4. Copy of Machtig's letter follows by bag.

169.

DEA/4060-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-898

Washington, February 22, 1946

IMMEDIATE. Further my WA-892 of today's date†, trial and punishment of Far Eastern war criminals accused of atrocities against Canadians.

Contrary to the advice received this morning, I have now received formal memorandum from the State Department, dated February 22nd, text of which follows. Begins:

In its memorandum of January 24th, 1946,† the Canadian Embassy made certain proposals regarding the participation of Canadian military personnel in the prosecution of Far Eastern war criminals in the area now controlled by United States forces, accused by Canadian military authorities of serious war crimes against Canadians.

<sup>1</sup> Ce télégramme est semblable au document 166.

<sup>1</sup> This telegram is similar to Document 166.

The appropriate military authorities and the Department of State are in agreement in approving the proposals of the Canadian Government provided that the Canadian Government can make an officer available to sit on the military tribunals. Such officer would be in addition to any Canadian personnel participating in investigations or prosecutions. Based on a recommendation from General MacArthur, it is suggested that, in addition to the officer just mentioned, the Canadian Government send to Tokyo two other officers and an enlisted clerk and an enlisted stenographer. It is recommended that each of the three officers be possessed of legal backgrounds, that one be a Lieutenant-Colonel or Colonel, to sit as a member of the tribunals, and that the other two be Majors, or of lesser rank to assist in the investigations and prosecutions of crime against Canadian nationals.

If the foregoing meets with the approval of the Canadian Government, it is suggested that the Canadian authorities get in touch with the appropriate War Department representatives to arrange details concerning transportation and other matters. Ends.

170.

DEA/4060-C-40

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

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

DESPATCH A.278

London, April 6, 1946

Sir,

I have the honour to refer to my Despatch No. A.199 of March 21st† concerning War Criminals in the Far East, and to report an amendment to the letter from the Dominions Office attached thereto.†

2. It was then stated that the Canadian officer to be sent to Hong Kong to assist in the investigation and prosecution of cases of crimes against Canadians would be precluded from being himself the actual prosecutor in any case by the fact that under the Royal Warrant for the trial of War Criminals the Prosecutor must be subject to the Army Act of the United Kingdom.

3. It is now pointed out that this difficulty could be overcome by attaching the officer to an United Kingdom unit. This procedure under the provision of the Visiting Forces (British Commonwealth) Act, 1933, would automatically bring him under the Army Act and so enable him to act as prosecutor.

4. We are informed that if this course is agreeable to the Canadian Government, the necessary steps will be taken to attach the officer to an United Kingdom unit.

5. The above would also apply to the suggestion that a Canadian officer should be sent out to sit as a member on the courts trying Canadian cases.

I have etc.

H. R. HORNE  
for the High Commissioner

171.

DEA/4060-C-40

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

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

DESPATCH 683

Ottawa, April 20, 1946

SECRET. URGENT

Sir,

1. I have the honour to refer to Dominions Office despatch W.F. 219/2/24. Secret, dated March 14, 1946,† enclosed with your despatch No. A.199 of March 21, 1946.†

2. The two points raised by the Dominions Office were:

(a) The eligibility of Canadian Officers to serve as Prosecutors in trials carried out under the Royal Warrant, and

(b) The provision of an additional Canadian officer to serve as a member of British Military Courts trying Canadian cases.

3. Regarding point (a), it has been suggested that Canadian Army officers, not being subject to the British Army Act, are not eligible to prosecute in any cases which are held under the Royal Warrant as published in Army Order 81 of 1945. The Royal Warrant and relevant Rules of Procedure have been examined by the appropriate officers of the Department of National Defence, and it is recommended that the Dominions Office be asked to reconsider their opinion in the light of the following:

(a) Up to now the Department of National Defence has always interpreted the requirements that the Prosecutor must himself be subject to Military Law generally regardless whether Canadian or British, and there have been instances on this side of the Atlantic where Canadian officers have prosecuted at Courts-Martial conducted under British Military Law. An instance of this is the trial recently conducted in Winnipeg, Manitoba, of 7260898 Sgt. [.....] R.A.M.C.

(b) The suggestion of the Dominions Office that a Canadian officer sit as a member of one of their Courts raises a point which can probably be used to strengthen our case regarding the employment of Canadian officers as prosecutors. Rule of Procedure 19(A) provides that "An officer is not eligible for serving on a Court-Martial if he is not subject to Military Law". If a Canadian

officer cannot serve as a Prosecutor because he is not subject to British Military Law, it is difficult to see how a Canadian officer can qualify as a member of a Court. On the other hand, if the Rule is interpreted favourably in the case of a member of a Court, it should be interpreted equally favourably in the case of a Prosecutor.

(c) If the officers who have now left for Tokyo and Hong Kong are judged ineligible to prosecute, it is submitted that they are, in any event, entitled to take part in the trials as Counsel. In this connection, it is noted that the Royal Warrant specifically makes provision for Counsel within the terms of Rules of Procedure 88 and 93. All of the officers proceeding as above are Barristers-at-Law, and it seems clear that they come within the terms of these Rules.

(d) It is believed that there will be a number of accused who will be charged with joint offences against British, Australian and Canadian personnel, and in such cases, it would not be unreasonable to expect our officers to be chosen as prosecutors. In addition, it is appreciated that in cases where War Crimes have been committed against Canadian personnel alone, it is in the interests of the Canadian public opinion that the prosecutor be a Canadian.

4. Regarding point (b), it has been suggested that an additional Canadian officer be sent to Singapore and Hong Kong to sit as a member of British Courts trying Canadian cases. It is noted that this employment will be only part time and that the officer should not be of a rank higher than Lieut.-Colonel. The Dominions Office has itself suggested that this additional officer be not despatched until it is known when the trials in question may begin. It will, of course, be useless to send such an officer if he cannot sit as a member of the Court because he is not subject to British Military Law.

5. It will not be possible to consider Colonel Moss, M.C., who has been despatched to sit on United States Courts because, in the first place, he is of a rank higher than that requested by the British and, in fact, would be senior to the British Permanent Presidents and, secondly, because the United States authorities have indicated that they propose to use the services of Colonel Moss on a full time basis and not exclusively in cases involving crimes against Canadians.

6. It is suggested that the Dominions Office be advised that such an officer can be provided when required. In the meantime, Lieut.-Col. J. O. F. H. Orr, commanding the Canadian War Crimes Liaison Detachment, who will shortly proceed to Hong Kong and Singapore, has been asked to look over the situation on his arrival and to forward any constructive recommendations in this regard.

7. It would be appreciated if you would draw these observations to the attention of the Dominions Office as soon as possible.

I have etc.

E. R. HOPKINS  
for the Secretary of State  
for External Affairs

172.

DEA/4060-C-40

*L'adjudant général au quartier général militaire du Canada à Londres**Adjutant-General to Canadian Military Headquarters, London*

Ottawa, June 21, 1946

CANADIAN WAR CRIMES LIAISON DETACHMENT—  
 FAR EAST VISITING FORCES ACT

As you will probably be aware this Headquarters is now represented in both Tokyo and Hong Kong by a "Detachment" totalling 4 officers and 4 warrant officers. This personnel are carried on strength of Commandant NDHQ; of these one officer and one WO are stationed permanently in Hong Kong, one or more of the remainder travel to and fro and are liable to be in Hong Kong, Singapore, or elsewhere under the jurisdiction of Commander in Chief Allied Land Forces South East Asia from time to time.

2. In addition, and actually quite independently, Major J. T. Loranger has been made available to C in C ALFSEA as a member of Military Courts.

3. As far back as Mar 46 the Dominions Office in London raised some question as to the eligibility of our officers to prosecute in their trials and at a later date offered the solution that they should be attached under the provisions of the Visiting Forces Act. While not objecting to attachment in this manner, and this was an afterthought by the Dominions Office, we took the view that there was no legal bar to our officers acting as prosecutors; the Dominions Office were so advised through the Department of External Affairs and the High Commissioner in London. In this connection External letter No 683 of 20 April 46 to High Commissioner is relevant, as also a further letter now going forward.

4. The objection to Canadian officers serving as prosecutors appeared to be based on Rule of Procedure 24, wherein it is provided the prosecutor must be subject to Military Law. This requirement has always been interpreted in its wider sense in this country and on a number of occasions Canadian Officers have served both as members and prosecutors in court-martials convened under British Military or Air Force Law. In addition to this we argued that if ineligible to serve as prosecutors, our officers, all being qualified barristers, were entitled to serve as Counsel within Rules of Procedure 88 and 93, which it will be noted are specifically mentioned in the British Regulations for War Crimes Trials. We also argued from the fact that a member of a court must also be subject to Military Law, that if one officer can sit as a member, it is hard to see why another one cannot serve as a prosecutor. As stated below the War Office has since agreed that our officers may sit as members although this is based on para 5 of the British War Crimes Regulations which makes no mention of being "Subject to Military Law", and this argument may therefore lose its force.

5. The subject came to a head on 11 Jun with HQ Land Forces Hong Kong asking ALFSEA when Major Loranger might sit. We made our posi-

tion quite clear in a message of 14 Jun. However, ALFSEA, on 15 Jun, asked the War Office to arrange attachment under the Visiting Forces Act. The War Office in their reply of 19 Jun have conceded that Major Loranger may sit as a member without being attached, but they still consider it necessary that prosecutors should be attached under the Visiting Forces Act. Copies of the a/m cables† are forwarded herewith and it should be noted no action has been asked of us up to the present.

6. The question has one awkward angle because at least one trial has taken place in Hong Kong, at which one of our officers prosecuted. We would be very unhappy to see this particular trial upset due to lack of necessary formalities. We do not, however, feel that you should raise this particular question with the War Office, but should have it in mind in your dealings with them. If an attachment becomes necessary, care should be taken to fix the date to cover this point and 29 April is the date our officers arrived in Hong Kong.

7. In view of the probability that action to effect an attachment under the Visiting Forces Act will be necessary, there is forwarded herewith a copy of a recent memorandum of the JAG† outlining the steps which would be necessary. It is considered doubtful whether the solution in para 1 (b) thereof could be adopted as the "Detachment" in the Far East has never been set up as a unit.

8. By the time this letter reaches you the War Office may have approached you, or ourselves, with some request for attachment of this personnel. In any event you are asked to make inquiries at the War Office and ascertain their views and requirements.

M. J. GRIFFIN  
Lieutenant-Colonel  
for Adjutant-General

173.

DEA/4060-C-40

*Le sous-secrétaire d'État permanent aux Affaires des Dominions  
au troisième secrétaire, le haut commissariat en Grande-Bretagne*

*Permanent Under-Secretary of State for Dominion Affairs  
to Third Secretary, High Commission in Great Britain*

219/2/24

London, August 7, 1946

Dear Horne,

FAR EASTERN WAR CRIMES TRIALS

I am very sorry to have been so long in replying to your letter of the 27th June† about the status of Canadian officers in Far Eastern War Crimes trials, but I am afraid that it has taken some time to obtain a final opinion on the legal position.

I am glad to be able to let you know, however, that the conclusion has now been reached that there is no legal necessity for the attachment of Canadian officers to United Kingdom forces under the Visiting Forces (British Commonwealth) Act 1933, in order to enable them to act as prosecutors at military courts for the trial of war crimes (Army Order 81/1945) in Hong Kong.

The Army Council has declared the military forces of the United Kingdom and of Canada, which at any time are serving outside the Dominion of Canada, to be "serving together" under Section 4(4)(a) of the Visiting Forces Act. Canadian officers serving in Hong Kong, therefore, are to be treated as if they were members of the United Kingdom Forces of relative rank. They would thus be eligible to sit as members of or act as prosecutors at a Field General Court Martial under the Army Act, and consequently, pursuant to Regulation 3 of Army Order 81 of 1945 (a copy of which is enclosed),<sup>†</sup> at military courts for the trial of war criminals, although not subject to United Kingdom military law.

I understand that the War Office have already been in touch with your military authorities about the matter and have informed them of the position as it has now been determined.

Yours sincerely,

ERIC MACHTIG

174.

DEA/4060-40

*Mémorandum du ministère de la Défense nationale*<sup>1</sup>

*Memorandum by Department of National Defence*<sup>1</sup>

Ottawa, September 18, 1946

WAR CRIMES TRIALS—JAPAN

It is proposed herein to review the situation in Japan as it affects us with a critical eye, and to suggest steps which might be taken to hasten the withdrawal and winding up of the War Crimes Liaison Detachment and the War Crimes Investigation Section.

2. The main point of criticism is the operational feature but I first touch on the administrative side which I feel will influence our decisions considerably.

3. Our overall participation in the trials in Japan was by invitation of the US State Department but this invitation was really concerned with the trials of Major War Criminals. The proposal to send a "team" to represent us and to assist in the trials of Lesser War Criminals arose out of our suggestion

<sup>1</sup> Administrateur, la Section des investigations des crimes de guerre, au directeur de l'administration, le Bureau de l'adjudant général.

<sup>1</sup> Administrator, War Crimes Investigation Section, to Director of Administration, Bureau of the Adjutant-General.

which was welcomed by the US authorities. On first arrival in Tokyo our personnel were found quarters by the US 8th Army and afforded all the amenities enjoyed by their own personnel. The living conditions were good, canteens, messes, Post Exchange, etc., were available. With the arrival of the British Commonwealth Occupation Force, our people, along with other foreigners, were ejected from their quarters and are now denied most of the other amenities aforesaid. They are quartered and fed under British arrangements; the British have little to offer, they live "hard" and our people find they can scarcely eat the food.

4. I myself doubt whether the above can be treated as a breach of contract or even as a breach of faith. The development is however, a great surprise to us and has made our people very uncomfortable. Lt-Col Orr is of the view that his Detachment are the unintended victims of high level decisions, to which they would have been exceptions, if they had been thought of at the time. He has not asked that any efforts be made to remedy the matter; he and his staff are content to bear it but they are all the more anxious to get the job over and leave. This matter is covered in detail on HQS 8959-9-4 Vol 2; see also folio 36 of this file which in a few words shows how bad conditions have become.

5. The provision of transport for duty purposes has been the source of much irritation; there is even the suggestion that some minor officials are being actively un-cooperative. Authority has been granted to ship them a vehicle which should ease the situation but it will be some weeks before it can get to them. This matter is dealt with on HQS 8959-9-4 FD 78; see also folios 25-27 on this file.

6. Turning now to the preparation of cases and conduct of trials, a good summary will be found at folios 14 and 15. We considered the matter on 7 Aug (folio 18) and decided that it was too early to make any move. The situation has not improved and is reviewed in folios 34, 35 and 37; I have also a personal letter which you read.

7. From recent correspondence it appears there are over 600 suspects held in Tokyo; new suspects arrive faster than cases are dealt with. There are actually a hundred cases ready for trial. In April they completed 10 trials, in May 5; other months figures are not available but one trial involving 13 defendants has just finished and lasted 9 weeks. Our own people are actively interested in about 75 individuals now in custody in Japan; they have filed charges against 25 of these, some will be joined with US charges, and some are still being prepared. On 5 Sep, nearly 5 months after their arrival, their first case came on for trial and that as a result of pressure as described in folio 37 & below.

8. The cause of all this is laid to cumbersome procedure, shortage of courts (there are only two sitting), shortage of defending officers, changing of personnel, and the latitude given to the defence. It may be inferred that some of those involved have only one interest, i.e. to get home, and that the rest, many of them civilians on high rates of pay, don't care how long it lasts.

9. To show that we are not alone in our criticism you are referred to a letter dated 8 Jul 46† from Lord Wright (The Chairman of United Nations War Crimes Commission) on his return from a visit to the Far East; the letter (folio 31) is addressed to the JAG of the US Army in Washington whose reply is at folio 32.†

10. In Tokyo we have two Warrant Officers, former P.Ws. who returned out of a sense of duty to give evidence. One, SM Shepherd, was advised his wife expected a multiple birth; compassionate return was proposed and Lt-Col Orr used this situation to force one of his cases to trial in order to use this man's evidence; we turned down the application (which involved some \$600.00 extra expense for air travel) when we found that only one child was expected. This rather cut the ground from under Lt-Col Orr's feet and the US efforts to accommodate him stopped at once. It is easy to be wise after the event but in the long run we would probably have saved this money and more if we had authorized return by air, etc. Both of these WOs still want to get away and have both applied. Lt-Col Orr has suggested in the case of SM Manchester that he leave at latest by 15 Oct, even if his evidence has not been taken. We have already approved return of SM Shepherd by ship as soon as he can be spared.

11. The following action is now proposed:

(a) That Lt-Col Orr be instructed that both his WO witnesses be despatched by surface sailing earliest after 15 Oct or before that date, in his discretion.

(b) That through CAS<sup>1</sup> Washington we inform the US War Dept (War Crimes Office) of the above instructions and also ask them to procure us an estimate on when the Detachment can be expected to complete its work. We should point out that we propose to instruct our Detachment to work to this estimate and that we propose to withdraw them at the end of the estimated time.

(c) In conjunction with (b) offer the suggestion that our personnel be allowed some of the privileges previously enjoyed and that if it is not possible for them to be quartered and fed (on any reasonable basis of repayment) that they be afforded some relief of diet through use of their canteens, Post Exchange, etc.

(d) Discuss this action informally with Department of External Affairs and forward them copies of our action in due course.

12. One further point for consideration is whether the action proposed in (b) and (c) above would be more effective if handled through the Department of External Affairs.

M. J. GRIFFIN  
Lieutenant-Colonel

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<sup>1</sup> Canadian Army Staff.

## PARTIE 3/PART 3

## RÉPARATIONS/REPARATIONS

175.

DTC/Vol. 295, T10182

*Procès-verbal d'une réunion**Minutes of a Meeting*

[Ottawa,] March 18, 1946

Record of an informal meeting held in Mr. Macdonnell's Office, Room 133, East Block, Friday, March 15th, 1946, to discuss the question of reparation from Japan.

Present were:

Mr. R. M. Macdonnell, Department of External Affairs  
Mr. S. D. Pierce, Department of External Affairs  
Mr. G. Harvey, Department of Trade and Commerce  
Mr. A. Neal, Department of Trade and Commerce  
Mr. H. S. Hall, Department of Trade and Commerce  
Mr. K. Burbridge, Custodian's Office  
Mr. G. Ignatieff, Department of External Affairs  
Mr. J. Maybee, Department of External Affairs  
Mr. J. H. Warren, Department of External Affairs.

Mr. Macdonnell explained that the need for the meeting arose out of the desirability of giving some guidance to Mr. Pearson, Canadian delegate, and Mr. Norman, his alternate, to the Far Eastern Commission, with particular reference to the work of the Committee on Reparations set up under the Commission which is to meet in Washington on March 21st.

It was pointed out that as the shares of reparation from Japan would probably be allocated on the basis of contribution to the Pacific war, the Canadian portion would no doubt be relatively modest.

Mr. Burbridge of the Custodian's Office stated that the Canadian Government holds Japanese assets to the approximate value of three million dollars, and that claims filed with the Custodian against Japan without advertisement amount to approximately eleven million dollars. In this connection Mr. Burbridge observed that the total of eleven million dollars probably represented an inflated figure, since the majority of the claims registered were of the nature of statements of property and assets held in Japan, or in territories occupied by Japan, before the war, and may, therefore, bear little relation to actual damage sustained. It was the tentative view of the meeting that, having regard to the excess of claims over assets held by the Custodian, no steps should be taken at this stage to waive any part of the Canadian claim to reparation arising out of the war with Japan. In this connection the meeting was told that our delegate to the Far Eastern Commission had already

been advised that the Government intends to retain any Japanese assets held by Canadian Custodian.

Mr. Macdonnell informed the meeting that the question of reparation from Japan had been taken up by the United Kingdom Government with the various members of the Commonwealth. The United Kingdom Government had suggested that discussion on the allocation of Japanese reparations as between different claimant countries should not, as in the case of reparation from Germany, be based on statistical estimates of respective war efforts and war losses. In the United Kingdom view a statistical comparison would be unreliable. As an alternative procedure the United Kingdom had proposed negotiation on a political basis. However, in the case of members of the Commonwealth some prior discussion might take place using a statistical basis of comparison (i.e. on the lines of data assembled for German reparations).

It was the opinion of the meeting that a reply should be made to the United Kingdom Government to the effect that, while the Canadian Government is inclined to agree that a statistical comparison is difficult with certain countries, and that to some extent the shares of various claimant nations might have to be decided on a broad political basis; the Canadian Government is, nevertheless, of the opinion that a statistical comparison would be useful not only as between members of the Commonwealth but with other interested countries, equally capable of furnishing reliable statistics, such as the United States, The Netherlands, and France.

The suggestion that a Commonwealth discussion should be undertaken before meeting the other countries was not favourably received by the meeting, as it was thought that such a Conference might give the undesirable impression that the Dominions were entering negotiations as a Commonwealth "bloc", and the opinion was expressed that the Far Eastern Commission was the most suitable place to pursue this matter.

It was the view of the meeting that some of the factors which should be taken into account in the preparation of a statistical summary of Canadian contribution to the war against Japan were as follows:

1. Mutual Aid to China, Australia, India.
2. Mutual Aid to U.S.S.R. after May 7th, 1945.
3. Cost of maintaining forces in the Far East and on the West Coast of Canada.
4. Commercial losses in the East attributable to the Pacific war.
5. Relief sent to Allied nationals in the Far East during the war.

It was agreed that the Bureau of Statistics should be asked to prepare a statistical summary of the Canadian war effort against Japan, along the lines used in the preparation of a similar study regarding the Canadian claim to reparation from Germany, taking into consideration the factors noted above.

176.

DTC/Vol. 295, T10182

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

TELEGRAM 95

Ottawa, March 23, 1946

SECRET. Your telegrams No. 53 and 54 of March 8th, 1946†, reparation from Japan.

We share your view that statistical comparison of war effort against Japan and losses experienced attributable to the Pacific war may, in certain cases, prove unreliable.

However, it is our view that, while to some extent undoubtedly agreement regarding the allocation of shares amongst certain of the interested Governments should be reached on broad political lines; consideration should nevertheless be given to using a statistical basis of comparison between the various members of the Commonwealth and other countries equally capable of producing reliable statistics.

For this reason the Canadian Government is inclined to doubt the value of any formal consultations restricted to the Commonwealth prior to entering negotiations with others. We feel that the appropriate body for considering this problem in its initial stages is the Far Eastern Commission where members of the Commonwealth concerned are represented, and there will, of course, be an opportunity for informal exchanges of views.

177.

DEA/8364-C-40

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

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

TELEGRAM EX-930

Ottawa, April 1, 1946

CONFIDENTIAL. Reference our teletype EX-757 of March 14th† and subsequent communications† regarding reparations from Japan.

Canadian interest in reparations from Japan has now been discussed by the Inter-Departmental Committee on Reparations. The view of the Committee is that in drawing up any agreed reparation policy for Japan consideration should be given to the following points:

1. Payment for essential and approved imports should be a first charge of the Japanese economy. In particular, proceeds of Japanese exports from stocks and current production should be utilized for this purpose.

2. Remittances from Japanese abroad, which, prior to the war, were a considerable item in the Japanese balance of payments, should be applied to meeting the cost of necessary imports and should, therefore, not be available for distribution as reparation from Japan.

3. The indemnities paid for property owned in Allied Countries (e.g. Canada) to Japanese being repatriated should not be made available for reparations payments.

For your information, a statistical summary of Canadian war effort and losses attributable to the Pacific war is being prepared by the Bureau of Statistics. In addition to the budgetary cost of the war and loss of life in the forces, this summary will include such factors as

1. Mutual Aid to China, Australia, India.
2. Mutual Aid to U.S.S.R. after May 7th, 1945.
3. Commercial losses in the Far East due to the Pacific War.
4. Relief sent to Allied nationals in the Far East during the war.
5. Cost of the repatriation of Canadian nationals from the Far East.

A rough estimate of the Canadian position with regard to Japanese assets held by the Custodian and claims, arising out of the war with Japan, which have been registered with the Custodian without advertisement is as follows:

1. Japanese assets (2 to 4 million dollars).
2. Claims against Japan (Nine to eleven million dollars).

Further instructions on the subject of Japanese reparations will be sent to you from time to time as information is made available to this Department.

178.

DEA/8364-C-40

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

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

TELEGRAM EX-1360

Ottawa, May 21, 1946

Your WA-2064† and enclosure† to your despatch No. 932 of May 2nd†. FEC Reparations Committee. Division of Shares.

1. With regard to the United Kingdom's suggestion that it would be advantageous to the Commonwealth countries to reach an understanding as to the shares each would aim at securing before the general discussions in the Reparations Committee begin, we would draw your attention to the previous U.K. proposals on this matter (repeated to you in our EX-789 and EX-790 of March 18th)†, and to our reply to them (repeated to you in our EX-864 of March 25).† In our reply we stated that consideration should be given to using a statistical basis of comparison between the various members of the Commonwealth and other countries equally capable of producing reliable statistics.

2. With reference to the division of shares between Allied Nations proposed by the United Kingdom in their document under reference, we would

urge that when any such initial proposal for division of shares is brought before the Reparations Committee, the Canadian claim should be presented separately and not as a percentage of the British Commonwealth claim. This should be made clear at the informal Commonwealth discussions this week.

3. The "Tentative Estimates of Damage Suffered" in Appendix to U.K. document have been noted. In this connection the summary of the Canadian war effort and war losses in the Pacific, now being prepared by the Bureau of Statistics, will shortly be made available to you.

4. It should be borne in mind in all discussions of Japanese reparations that Canada's long term interest is in the peaceful economic recovery of Japan and that payments for essential imports should be the first charge on Japanese industries and production.

179.

DEA/8364-C-40

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

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

TELEGRAM EX-1377

Ottawa, May 23, 1946

IMMEDIATE. Your WA-2090†, paragraph 3, Interim Removal Programme, items on ball bearings, iron and steel, thermo-electric power, soda ash, chlorine and caustic soda.

1. We incline to the United Kingdom view that a somewhat larger industrial capacity be retained by Japan especially in ball bearing industry since further removals will be possible under Final Reparations Programme. The limiting factor in the Interim Reparations Programme is that removals should not strip Japan of the minimum requirements of a viable economy. Our view is that since doubt has arisen on this point, the more liberal British estimates should be adopted. This is especially applicable to producers' goods industries serving other sectors of the economy.

2. Our interest in reconciling where possible divergences on British and American views, however, makes us unwilling to press the British case if a reasonable compromise can be achieved. The wider object of expediting the removals programme with the minimum of delay that the Japanese economy may be stabilized and that Japan's ability to trade may be at least partially restored should likewise be borne in mind.

3. We wish to reserve the privilege of nominating personnel to the reparations section of SCAP pending further information, although it now appears doubtful if we shall have strong interest in such nominations.

4. We would be grateful for three extra copies of Document C1-001.

180.

CEW/Vol. 2125

*Mémorandum du premier secrétaire, l'ambassade aux États-Unis,  
au délégué suppléant<sup>1</sup>, la Commission de l'Extrême-Orient*

*Memorandum from First Secretary, Embassy in United States,  
to Alternate Delegate<sup>1</sup>, Far Eastern Commission*

[Washington,] May 27, 1946

The following may be of some help in preparing your memorandum on the FEC insofar as reparations are concerned.

The Reparations Committee of the Far Eastern Commission has accomplished a considerable amount since it commenced deliberations March 11th. Two meetings per week have been held and the Committee has accomplished three major tasks:

- (a) the consideration and approval of a policy in respect to restitution of looted objects;
- (b) consideration and approval of a reasonably extensive policy on interim removals; (in this regard the U.K. are bringing forward a suggested policy on additional industries, which should be dealt with in the near future).
- (c) a review of the future activities of the Reparations Committee. This was raised by the introduction of a proposal to have an Inter-Allied Reparations Committee or Board which would be more independent than the present Committee. The proposal is strongly opposed by the United Kingdom on the ground that the topics to be given this new body, such as division of shares and the question of overseas assets, are of basic importance and should be settled by the Commission and not by a subordinate body.

The representatives of the British Commonwealth at an informal meeting on May 25 came to the conclusion that the Reparations Committee could not proceed much farther until definite decisions had been reached on the subjects of division of shares, overseas assets, and war booty. It was agreed to recommend to the respective Commonwealth Governments that each member should now press for early consideration of these matters at the Commission level at least, and at a higher level if necessary.

The general instructions which the Canadian representative has received on the subject of reparations are not in any way at variance with the views of the United Kingdom. The main point that Canada wishes to have kept in mind is that Canada's long term interest is in the peaceful economic recovery of Japan, that payments for essential imports should be a first charge on Japanese industry and production, and that extraction of reparations should be carefully limited to prevent the possibility of it being necessary for the Allied nations to assist the Japanese financially or otherwise at a later date. The only special interest that Canada has is in connection with the Japanese fishing industry, and on this subject Canada's interests and those of the United States are similar, namely, to prevent exploitation of the available supplies of

<sup>1</sup> E. H. Norman.

fish, which have been the subject of agreements between Canada and the United States for the purpose of conservation.

It is the opinion of the representative who has been attending all the meetings of the Reparations Committee that a great deal of time is wasted by such attendance, and that Canada's interest could amply be protected at the Steering Committee or Commission level.

GRAHAM MORROW

181.

DEA/8364-C-40

*L'économiste en chef, le Bureau fédéral de la Statistique,  
au sous-secrétaire d'État aux Affaires extérieures*

*Chief Economist, Dominion Bureau of Statistics,  
to Under-Secretary of State for External Affairs*

Dear Sir,

Ottawa, June 11, 1946

On the subject of reparations from Japan, statistical data have been prepared as requested. In a letter of August 23, 1945, information was submitted relevant to the reparations claim against Germany and similar categories have been adopted here. As in the case of Germany, this letter ignores property losses. It is understood that the Department of External Affairs is obtaining this information directly from the Custodian of Enemy Property.

It should be noted that the present figures are not as accurate as the ones pertaining to Germany, the war effort against Japan having been of smaller scope and much more difficult to summarize in statistical terms.

(1) *Budgetary cost of the war against Japan*

(a) Armed Services, \$548 millions.

Data were prepared in consultation with Department of National Defence and Department of Finance. Direct costs of war against Japan were included.

(b) Mutual Aid, \$294 millions.

This is Mutual Aid to China, Australia, New Zealand and India. The latter was on British account and amounted to \$161 millions of the above total. Nothing was added for Mutual Aid to U.S.S.R. because C.M.A.B. officers expressed the view it had little to do with Japanese war. Estimates were prepared by Dominion Bureau of Statistics using Mutual Aid accounts.

(c) Repatriation of Canadians from Japanese territories, \$350 thousands.

This is a small item included at the request of Mr. Ignatieff, who provided it.

The total of the above three items, (1a), (1b) and (1c), is \$842 millions in round figures.

(2) *Estimated man-years served in war against Japan*

(a) Number of man-years served in the forces against Japan, 147,825.

R.C.N.	4,940
Army	89,625
Air Force	53,260

Figures provided by Deputy Minister of National Defence to Under-Secretary of State for External Affairs, May 9, were on a basis which could not be reconciled with the financial estimates above. The figures for the Navy and Air Force have now been revised downward in consultation with the Services themselves.

(b) Number of man-years served in the production of munitions and war supplies for the war in the Pacific, 427,073.

Estimates made by Economic Research Branch, Department of Reconstruction and Supply. Seventy per cent of the total is finished munitions. The bulk of the remainder is essential materials (except foodstuffs). It was assumed that all munitions produced between V-E and V-J Days were for use in the Pacific Theatre. It was also assumed that shipments to Pacific War Zone countries after 1942 were for the troops operating against Japan. Some allowance was made for shipments to the United States and the United Kingdom which might have been destined for use in the Far East.

(c) Number of man-years served in the production of wartime food exports to Pacific War Zone above peacetime level, 116,373.

Estimates on same basis as in the case of Germany.

(3) *Fatal military casualties, 964.*

This includes fatal battle, deaths whilst P.W., presumed killed and missing. Wounded and injured are excluded.

Letter from National Defence to External Affairs of April 29, 1946.†

Additional information on shipping losses will be forwarded as soon as possible.

Yours faithfully,

CLAUDE M. ISBISTER

182.

DEA/8364-C-40

*Mémorandum de la troisième direction politique<sup>1</sup>*

*Memorandum by Third Political Division<sup>1</sup>*

[Ottawa,] July 9, 1946

MEMORANDUM OF TELEPHONE CONVERSATION

WITH R. E. COLLINS,<sup>2</sup> JULY 9, 1946

Mr. Collins telephoned yesterday, July 8th, to report on a meeting of Committee No. 3 on Reparations<sup>3</sup> held that morning. The contents of his report are contained in WA-2735 of July 8th† from Washington. After this conversation, I conferred with Messrs. Menzies, Maybee, Pierce, Moran and Warren.

<sup>1</sup> De G. S. Patterson.

<sup>2</sup> Deuxième secrétaire, l'ambassade aux États-Unis.

<sup>3</sup> Un comité de la Commission de l'Extrême-Orient.

<sup>1</sup> By G. S. Patterson.

<sup>2</sup> Second Secretary, Embassy in United States.

<sup>3</sup> A committee of the Far Eastern Commission.

In our conversation this morning, Collins said that he thought the U.S.S.R. would probably veto the proposal of the U.K., which had been forwarded from Committee No. 1, namely, that the Far Eastern Commission devise a plan for the division of Japanese reparations among claimant countries on broad political lines. In case this were not done, he wished to have our opinion on three points for his guidance at the Steering Committee which was to meet at 10.00 a.m. today. I outlined our views as follows:

1. Should reparations be dealt with by an Inter-Allied Reparations Committee, or, as preferred by the United Kingdom, by the Far Eastern Commission itself?

I said we believed that a separate committee seemed to be required because of the amount of detailed work involved. The proposals of the U.S.S.R. and U.S.A. seem reasonable in that they make provision in the terms of reference for the Commission itself to review such questions as division of shares, overseas assets and the list of claimant countries which the United Kingdom had indicated should be considered only by the F.E.C. Canadian interest, however, in the matter is small and we would be satisfied with whichever body the majority wish to have made responsible.

2. Should the problem of reparations and division of shares be approached on broad political lines, as proposed by the United Kingdom, or through the consideration of statistical data to be provided by the claimant countries?

Our position has been indicated as favouring the statistical approach based on securing reliable and comparable data where these are available. This process seems to have been satisfactory in connection with German reparations. The United Kingdom have also recognized the need for such statistical data in discussing certain phases of the problem. If, however, the United Kingdom believe there are difficulties in applying this method to Japanese reparations, and if their argument seems sound, Canada should be willing to reconsider the matter. In any case it is not deemed of sufficient importance to us to insist on maintaining our position.

3. Should the proposed division of reparations now take account of Japanese assets outside of Japan?

We realize that our interest in external assets is small. The Custodian's office reports some \$3,000,000 worth of Japanese assets in Canada against which there are claims of some \$11,000,000. This amount is negligible when compared with the estimated total of Canadian reparation claims of some \$842,000,000 plus two ships. We wish to maintain our position that the assets of Japan in Canada should be left for disposal by us in dealing with Canadian claims, as was the case with German reparations. This amount would be taken into account in the final settlement.

We have no objection to the F.E.C.'s considering the question at this time although it seems somewhat presumptuous to do so after having referred the matter to the conference of the Foreign Ministers in Paris.

183.

DEA/8364-C-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au sous-ministre du Commerce*

*Acting Under-Secretary of State for External Affairs  
to Deputy Minister of Trade and Commerce*

[Ottawa,] July 24, 1946

1. You will recall that on July 7th we forwarded to you a copy of Teletype WA-2307 of June 3rd† from our Embassy in Washington in which it was indicated that we should raise inquiries regarding any industry in which you might be interested for the purpose of reparations. As was suggested in Mr. Mallory's<sup>1</sup> letter of June 22nd,† we forwarded to our Representative on the Far Eastern Commission the information that the Aluminum Company of Canada was interested in the possibility of securing under reparations or by purchase an aluminum sheet rolling mill and an aluminum foil mill from Japanese surplus plants. Our representative has since informed us that since the stage in the negotiations when claims for specific items of industrial equipment can be submitted has not yet been reached he had not submitted your suggestion as to an aluminum sheet rolling mill and an aluminum foil mill to the Reparations Committee.

2. We have noted that other countries have submitted fairly extensive lists of industries which their Governments desire to be made available for reparations allotment. While our interest in obtaining plants and industries from Japan as reparations is very small, it might increase our chance of obtaining these two aluminum plants when the time for bargaining comes if we submit a more extensive list. If you care to reconsider this problem we will be glad to forward any further information to our Representative on Far Eastern Commission. If we show an active interest in obtaining reparations from Japan our claim will no doubt be given more serious consideration.

R. M. MACDONNELL  
for the Acting Under-Secretary of State  
for External Affairs

184.

DEA/8364-C-40

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

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

TELEGRAM EX-1946

Ottawa, August 8, 1946

Your WA-2971 of July 30th.† Far Eastern Commission Reparations Committee.

<sup>1</sup>G. D. Mallory, président du sous-comité interministériel sur l'équipement industriel.

<sup>1</sup>G. D. Mallory, Chairman of the Inter-departmental Sub-Committee on Industrial Equipment.

1. You are instructed to inform the Reparations Committee that Canada is interested in the following items for allocation as reparations:

- A. Japanese equipment and methods connected with fisheries processes:
  1. The recovery of kelp and sea mosses particularly agars.
  2. Sea oyster culture.
  3. Utilization of fish skins.
  4. Utilization of whales.
  5. Pearl essence processes.
  6. Reduction of fish oils.
  7. Modern canning.
- B. Aluminum Sheet Rolling Mill.
- C. Aluminum Foil Mill.
- D. Electrolytic Caustic Soda Plant.

2. Your representative should make clear to the Committee that the Canadian Government, in presenting this list is doing so on the assumption that it will not be prevented from indicating an interest in further industrial equipment when more detailed information is available on the nature of the equipment to be allocated as reparations.

185.

DEA/8364-C-40

*Mémorandum du ministère des Affaires extérieures  
au Comité interministériel sur les réparations*

*Memorandum from Department of External Affairs  
to Interdepartmental Committee on Reparations*

[Ottawa,] August 8, 1946

FAR EASTERN COMMISSION  
JAPANESE REPARATIONS

1. POLICY DECISIONS.

Work in the Commission on Japanese Reparations has progressed very slowly since the last meeting of the Inter-Departmental Committee on May 31st.

(a) The Commission has issued a policy statement on the restitution of looted property. As this policy refers to objects removed from countries occupied by Japan during the war it does not concern Canada.

(b) The Commission has completed an interim reparations removal programme based on the Pauley report. This programme covers the following industries: army and navy arsenals, aircraft, light metals, machine tools, sulphuric acid, shipbuilding, ball and roller bearings, iron and steel, thermal electric power, soda ash, chlorine and caustic soda, and privately owned munition plants.

The Economic Committee of the Commission will probably complete its final report on a reparations removal programme for Japan within two months.

Since the Reparations Committee has failed to arrive at a percentage national share of reparations, the Interim Removal Programme as such will probably have to be abandoned.

## 2. DIVISION OF SHARES.

The Reparations Committee has been unable to agree to a procedure for presenting reparations claims or for dividing reparations to be made available. Statistical data on Canada's losses and expenditures in the Pacific war have been obtained from the Bureau of Statistics and supplied to our representative. In instructions to our delegate we have advocated a statistical approach to the problem of division of shares in so far as reliable and comparable data are available.

## 3. EXTERNAL ASSETS.

No progress has been made with this problem since the U.S.S.R. have stated that in their view the question of the disposal of Japanese owned assets located outside the four main islands of Japan was not within the jurisdiction of the Commission under its terms of reference. It was hoped that the Paris Conference of Foreign Ministers would make a ruling on the competence of the Commission in this matter, but this did not occur.

## 4. INTER-ALLIED REPARATIONS COMMITTEE.

Owing to differences of opinion between the United States, the United Kingdom and the U.S.S.R. as to the status and function of the proposed committee no agreement has been reached. In instructions to our delegate we have approved in principle the establishment of an Inter-Allied Committee since the amount of detailed work involved in settling reparations problems would warrant a separate body. We have indicated, however, that as our interest is relatively small we would be satisfied with whatever body the majority of the Commission wishes to make responsible for Japanese Reparations.

5. All real progress on the main issues has been hindered by the uncertainty as to the Commission's competence to deal with external assets. It is doubtful if any work of importance will be done until this problem has been settled on a higher level.

## 6. REPARATIONS CONFERENCE.

In order to break the deadlock that has been reached in the Far Eastern Commission, the United States have now proposed a plan for a Reparations Conference to be convened on August 15th and to remain in continuous session until agreement has been reached on all the major problems. We took the same attitude with regard to this conference as we had toward the proposed Inter-Allied Committee, namely that we would be satisfied with whatever body the majority of the Commission wishes to make responsible for Japanese Reparations. Our delegate was notified that we would have great difficulty in arranging representation at a conference on the West Coast in August, and was instructed to oppose any move to have the conference

located anywhere but Washington or vicinity. He was also instructed to support the United Kingdom position that reparations availabilities should be determined after agreement has been reached on a desirable level of Japanese industry.

7. The question therefore arises as to what instructions should be given to the Canadian representatives at this conference. It seems clear that representation will have to be provided from the staff of the Embassy in Washington.

(a) *External Assets.* Since any agreement reached in the proposed conference will be subject to ratification by the Far Eastern Commission, the question of whether either body is competent to deal with External Assets will certainly arise again. It is, therefore, suggested that our representative on the Commission urge that this matter be settled, if possible, before the conference is convened. Our representative on the Commission has been informed that this Government wishes to have formal recognition of Canada's right to hold and dispose of Japanese Assets under its jurisdiction. The appropriate occasion for raising this matter has not yet appeared. The United States member of the Reparations Committee, who was informed of Canadian views, indicated that they were not out of line with United States thinking on this matter.

(b) *Reparations in Kind.* Our representative on the Far Eastern Commission has already been instructed to maintain Canada's right to other forms of reparation from Japan, since claims registered at the Custodian's Office exceed Japanese assets held. The question therefore arises as to what type of Japanese reparation we should attempt to secure. Our representative has so far indicated only that we are interested in obtaining two aluminum plants (an aluminum sheet rolling mill and an aluminum foil mill) in which the Aluminum Company of Canada has expressed an interest. Although it is impossible to envisage the procedure that will be established for making bids for specific plants it will be advisable to brief our delegate on Canada's interest in obtaining these plants so that if required he will be able to state our case.

(c) *Survey of Available Plant.* The representative of the Canadian Manufacturers' Association on the Sub-Committee on Industrial Equipment has stated that it is not possible to indicate fully Canada's interest in specific types of Japanese equipment for removal as reparations until more detailed information can be obtained as to what is available. Our representative has been instructed to inform the F.E.C. Reparations Committee to this effect. If it is decided that we should make every effort to secure the two aluminum plants a survey of the Japanese aluminum industry would be desirable. It is therefore suggested that our delegate be instructed to request that Canada be permitted to send one or two technical experts to Japan to make a survey of plants and industries likely to be made available for reparations. We would have no difficulty in getting an aluminum technical expert to go to Japan to conduct this survey. Information on other types of industry might be obtained on an exchange basis from other Commonwealth countries who are also permitted to send technical experts to Japan.

186.

DTC/Vol. 293, T10110

*Le sous-ministre du Commerce au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Trade and Commerce to Under-Secretary of State  
for External Affairs*

[Ottawa,] August 9, 1946

Dear Sir,

In reply to your letter of July 24th, on the subject of reparations from Japan, I note that no action has yet been taken to place the request of the Aluminum Co. of Canada for a sheet rolling mill and foil mill before the Far Eastern Commission. I also note the suggestion in your letter of July 31st,† that a more comprehensive list of industrial requirements might be submitted as a means of increasing our bargaining power for the two desired plants. Unfortunately, there is so little information available regarding the type of equipment which might be forthcoming under reparations from Japan, that it is almost impossible to increase our list with any degree of certainty.

Since we submitted a request for the two plants mentioned above, the Aluminum Co. of Canada have supplied a further requirement in the form of an electric caustic soda plant of approximately 12,000 ton capacity, with or without tanks or motors. This plant is required for immediate erection in Arvida, and would be used in connection with the extensive chemical programme now in progress there.

Another requirement which might be added in addition to any information supplied by the Fisheries Department, is a plant for the production of phthalic anhydride required by the Dominion Tar and Chemical Company. This requirement is also to be submitted under the German reparations programme.

I also enclose copy of a letter from Mr. Wm. G. Ashdown of Toronto,† which might possibly be used to further increase our list of requirements. However, before including this list, we would like to check further on Mr. Ashdown's bona fides.

With reference to the third paragraph of your letter of July 31st, I would advise that the background of the Aluminum Company's interest in obtaining these two rolling mills from Japan, and a rolling mill from Germany, stems from their enormous ingot capacity at Arvida, together with a very great shortage of fabricating equipment both in Canada and other countries. The large demands for aluminum sheet, foil, extrusions and such products as cooking utensils made from sheet, is needed for both rehabilitation, reconstruction and normal business. Most of the machinery manufacturing concerns in the United Kingdom, United States and other countries are quoting from 18 to 36 months' delivery on rolling equipment. Meanwhile, the pressure both from Europe and from the Orient is increasing steadily for aluminum and fabricated forms; hence the desire of the Aluminum Company to increase their fabricating capacity by any means.

With reference to paragraph four, we were aware that the Japanese aluminum fabrication plants might not be suitable for use in Canada, but it appeared politic to not bring out this fact in our claim due to possible opposition from British interests. Actually, we understand that the mills in question would probably be used in Burma. The Canadian export market in aluminum ingots would undoubtedly benefit by any increase in fabricating capacity in Burma, South Africa, Mexico, or almost any other country, as the Aluminum Company in Canada have adopted the policy of shipping ingot to most countries rather than fabricated forms for obvious reasons.

With reference to paragraph five, Canadian interests and the interests of rehabilitation and reconstruction throughout the world would undoubtedly be enhanced by any increase in fabricating capacity which could be arranged. This improvement would undoubtedly be reflected in the increased value of shares held by Canadians.

If, after examining the information contained in this letter you feel that the list of requirements accompanied by suitable requirement arguments should be increased further, we shall endeavour to do so, but would request that additional information be provided if possible, on available Japanese plants.

Yours faithfully,

M. W. MACKENZIE

187.

DEA/104-E

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

CIRCULAR TELEGRAM D. 909

London, October 7, 1946

CONFIDENTIAL. My telegrams Circular D. 1914 and Circular D. 1915 of 13th October, 1945, disposal of Japanese Fleet.

At Moscow Conference in December, 1945, M. Molotov raised question of Japanese Fleet and reported agreement of Soviet Government to United States proposal that larger naval vessels and submarines should be scrapped. (Some ships were, in fact, used in Bikini tests). It has since been agreed that remaining surface vessels should be divided equally between United States, United Kingdom, U.S.S.R. and China. Vessels available include 30 destroyers, 67 escort vessels, 9 transport ships, 4 minesweepers, 12 minelayers and other small craft. Discussions with United States State Department have made it clear that there is nothing to be gained by attempting to persuade Soviet Government to forego part of their share in favour of more equitable division among all naval Powers who have been active in naval war against Japan.

2. We are anxious to divide our share with interested Dominion Governments and Government of India and should be glad to know whether you have any requirements.

3. French Government last January put in a claim for share of Japanese Fleet and we are replying that we are prepared to offer them a portion of our share as was done in case of German Fleet. United States Government will also allocate a portion of their share to France. Small portion of United Kingdom share may also be offered to Netherlands Government.

4. Similar telegram is being sent to India.

188.

DEA/104-E

*Le secrétaire d'État par intérim aux Affaires extérieures  
au secrétaire aux Dominions*

*Acting Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 393

Ottawa, October 26, 1946

SECRET. Your Circular D. 909 of October 7. Disposal of Japanese Fleet.

While we appreciate your willingness to divide your share of remaining surface vessels of Japanese Navy, Canadian Government does not repeat not wish to acquire any of these ships.

189.

DEA/8364-C-40

*Mémorandum de la troisième direction politique au sous-secrétaire d'État  
aux Affaires extérieures*

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

SECRET

[Ottawa,] November 5, 1946

FAR EASTERN COMMISSION: REPARATIONS CONFERENCE

Despite the efforts of the United States to bring this matter to a head, little progress has been made. We have declared our support for any solution which would permit the Conference to get under way and settle the points on which some agreement can be reached, leaving the matter of external assets for such further discussion and negotiation as may be advisable.

While the U.S.S.R. remain adamant in their refusal to recognize the jurisdiction of the Far Eastern Commission over Japanese external assets, there is some indication that they might be willing to accept a very small share of reparations from within Japan. If the matter of external assets is tacitly ignored for the time being, it is possible that some progress can be made with the question of allocation of shares along "broad political lines." Should it develop that the Soviet claim is sufficiently modest, there would then be a basis for further action.

The Interdepartmental Committee on Reparations decided last March that we should support the view that statistical data, where applicable, should be

used as a basis for the allocation of reparation shares. It now appears that the United Kingdom, the United States and the U.S.S.R. are all in favour of discussing the allocation of shares along broad political lines. In view of this, the Interdepartmental Committee, at its meeting on November 4th decided that we should no longer press for the use of statistical data.

Our representative has asked us, if and when tentative allocations are proposed, whether we would have any serious objections if our portion were the smallest, say, one percent. The Interdepartmental Committee felt that our representative should not be authorized to state our willingness to accept any specific percentage share at this time, but that he should maximize the Canadian claim to the best of his ability.

A draft teletype is attached.†

J. R. MAYBEE

190.

DEA/8364-R-40

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

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

TELEGRAM 2057

Ottawa, November 29, 1946

CONFIDENTIAL. Reference Dominions Office telegrams to External, Nos. 139 of August 27th,† 169 of October 9th† and 193 of November 11th,† Reparations and Restitution Missions to Japan.

1. The United Kingdom have suggested that five-man teams from each Commonwealth Government should be coordinated so that widest coverage possible be obtained in survey of Japanese plant and equipment available for reparations. They have asked for names and occupations of members of Canadian team.

2. We replied November 19th as follows: "Canadian team will probably consist of three Restitution members, possibly one secretary and one industrial investigator who will probably be an expert in aluminum processing and fabrication. Name and qualifications of industrial expert will be forwarded when appointment has been tentatively accepted. We would be glad to participate in discussions on the coordination of Commonwealth teams as suggested in your telegram No. 139 of August 27."

3. The following information is supplied for background in case you are asked to send a representative to participate in discussions on this subject.

4. After Canadian Government received invitation to send Restitution Team to Japan, information was passed by Trade & Commerce to Canadian Manufacturers Association early in September, so that any industrial concerns interested would be able to put forward names of candidates for teams. To date Trade & Commerce have not been approached by any firm interested in

obtaining plant or equipment from Japan other than Aluminium Limited, who wish to obtain aluminum sheet rolling and foil mills and caustic soda plant. Aluminium Limited have accepted tentative offer of place on Reparations Team for F. F. Ruthven, their expert on light metals processing and fabrication. One condition of appointment was that Ruthven should render report of his survey of Japanese industry to Canadian Government, whose property it would become.

5. It is unlikely that another technical expert to survey plant available for reparations will be appointed for the time being, owing to the lack of interest shown by Canadian industry in Japanese reparations. It is possible the situation may change when further information on plant and equipment available has been obtained.

6. Sun and Manufacturers Life Insurance Companies both wish to send representatives to Japan to clear up substantial restitution cases and probably one place on Restitution Team will be offered them.

7. The remaining three places will be held in reserve until situation with respect to reparations removals from Japan becomes clearer and extent of private Canadian restitution claims against Japan is known. We definitely expect to make up our team to full membership of five in due course.

8. If projected discussions take place, I suggest your representative make no commitments on our behalf until we know further the nature and extent of coordination of Commonwealth Teams proposed by the United Kingdom. We would be unwilling to substitute an expert in another field for the Aluminum man, whose services we hope to obtain, since Aluminium Limited will be paying his expenses.

191.

DEA/8364-C-40

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

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

TELEGRAM EX-3036

Ottawa, December 3, 1946

SECRET. Your WA-4208 and WA-4209 of November 27th,† Far Eastern Commission, Reparations Conference.

1. We continue to hold the view that the United States scheme to evade the deadlock with the U.S.S.R. is likely to have unfortunate consequences on other political fronts, and that a settlement of the reparations question should, if at all possible, be achieved within the Far Eastern Commission. In so far as this question cannot apparently be settled to the satisfaction of all concerned unless some account is taken of Japanese external assets, and since the U.S.S.R. continue to maintain that the Far Eastern Commission is not competent under its terms of reference to deal with external assets, we feel that the question of the Commission's jurisdiction should be referred to the Coun-

cil of Foreign Ministers, who drew up the Commission's terms of reference in December, 1945. You will recall that the question of external assets was referred to the Foreign Ministers in Paris last June, but no decision was returned.

2. We appreciate that the United States have, in prolonged negotiations, patiently endeavoured to reach a basis for agreement with the U.S.S.R.. We feel, however, that a fresh effort along the lines suggested would be worth while, particularly since Mr. Byrnes appears to appreciate the possible long range consequences of the present United States proposals. It would be preferable for the Commission to refer this matter to the Foreign Ministers now rather than for the U.S.S.R., as an injured party, to raise it in the Council at a later date.

3. We would appreciate your comment on this suggestion, either before or after you discuss it with other Commonwealth representatives and take it up informally and confidentially with State Department officials, so that if the suggestion is favourably regarded, a proposal to refer this matter to the Foreign Ministers could be put before the Commission at an early date. You will bear in mind that if such action is to be taken, it will be desirable that it should be done before the Foreign Ministers become preoccupied with the consideration of a peace treaty for Germany.

4. We agree with the United Kingdom that the most urgent aspect of the reparations problem is the stabilization of the Japanese economy at peacetime levels. We also feel that this can be largely achieved without a complete settlement of the reparations question. We suggest that the question of speeding work on this subject be raised at steering committee or commission level, so that methods may be worked out to reach policy decisions on this matter at the earliest possible date. Mr. Borton's<sup>1</sup> suggestion that the Commission might go into virtually continuous special session to deal with the subject is worth consideration.

5. If, when the work on the level of Japanese industry is complete, no satisfactory ruling on the question of external assets has yet been received from the Council of Foreign Ministers, we would consider the time to be riper for consideration of the United States proposal to draw up interim directives ordering the removal of reparations to needy countries. In this connection, we feel that the urgency of the case of each country which claims that the rehabilitation of its economy depends on the acquisition of reparations allotments from Japan should be studied on its merits, with special attention being given to the ability of the country concerned to remove, absorb and make use of Japanese plants and equipment without delay. For your information, we are inclined to agree with Mr. Vincent,<sup>2</sup> for instance,

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<sup>1</sup> Chef, division des affaires de l'Asie du nord-est, département d'État des États-Unis.

<sup>2</sup> Directeur, Bureau des affaires de l'Extrême-Orient, département d'État des États-Unis.

<sup>1</sup> Chief, Division of Northeastern Asian Affairs, Department of State of United States.

<sup>2</sup> Director, Office of Far Eastern Affairs, Department of State of United States.

that China's internal transportation, power facilities and technical organization have not been sufficiently rehabilitated to make use of Japanese plants at this time, even if deliveries were made.

6. In the meantime, we would not be averse to the settlement of the whole problem by some practical face-saving device such as that suggested by the Australian representative on the Far Eastern Commission as outlined in your WA-4245† of December 2nd, or the New Zealand proposal for amending the terms of reference of the Conference as indicated in your WA-3869 of October 29th.†

#### PARTIE 4/PART 4

### RAPATRIEMENT DES JAPONAIS

### REPATRIATION OF JAPANESE

192.

DEA/3363-D-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre du Travail*

*Under-Secretary of State for External Affairs to Deputy Minister of Labour*

Ottawa, February 5, 1946

Dear Mr. MacNamara,

With reference to previous correspondence† concerning financial arrangements for the movement of persons of Japanese origin from Canada to Japan, I am now enclosing herewith a copy of Teletype WA-611 of yesterday's date. You will note from this that, contrary to our understanding, no message has yet gone from Washington to the Supreme Commander with regard to the financial provisions.

The teletype which I am enclosing raises a number of points on which the United States' authorities would apparently like to have additional information. It would appear that one of the factors that is probably causing them some concern is that, under the arrangements we propose, repatriates from Canada will have a distinctly better arrangement than the persons who are being sent from the United States. However, this would be the case whether they were required to take all their assets with them at the time of departure or whether they were allowed to leave part of the value on deposit in Canada.

So far as the question raised in Paragraph 3 of the teletype is concerned, it would seem that Paragraphs 6(1) (b) and 6(2) of P.C. 7355 of December 15th provide a fairly adequate answer. I do not quite know why they have got so involved over the question of appreciation or depreciation of property left with the Custodian, since the Order clearly indicates that what the Custodian is to do is simply sell the property and transmit the proceeds. No question of advance valuation or of the issuance of a yen receipt based on such an advance valuation arises.

So far as Paragraph 4 is concerned, I assume there is some danger that yen receipts might be lost by accident or through gambling, as is suggested. In the case of loss through accident, presumably there could be some means of having the receipts numbered and duplicates issued under proper precautionary conditions. Loss by gambling would hardly seem to be a concern of ours. If it would help any, presumably we could, as suggested, cable ahead a statement of the amounts to the credit of each individual person, but I think it would still be desirable for the Japanese themselves to hold some statement in evidence of the assets they left behind.

I am a little surprised at the suggestion that one of the concerns of the United States' authorities is to prevent the Japanese having assets in Canada which would be available to them should they be permitted at any time to re-enter Canada or should their Canadian-born children be allowed to return. It would seem to be a question entirely for decision by the Canadian authorities at a later date whether or not any of the Japanese were to be allowed to return and it is a little difficult to see in what respect the United States authorities are affected. I can only assume that they feel that any concessions that are made by us with regard to the retention of title to assets in Canada will affect the provisions that they will have to make in the United States.

I am sending copies of the teletype to Mr. Turk of the Foreign Exchange Control Board and to Mr. Hodgkin of the Department of Finance. I shall appreciate it if you could give me your views as to the reply that should be sent to Washington.

Yours sincerely,

[N. A. ROBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

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

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

TELEGRAM WA-611

Washington, February 4, 1946

My WA-490, January 28th,† repatriation of Japanese from Canada to Japan, financial arrangements.

1. On receipt of telephone information this morning from State Department that the message to the Supreme Commander has not, repeat not, been despatched I arranged for a representative of the Embassy to see the State Department officials concerned to enquire the reason for the delay. A long meeting was held this afternoon with State Department officials in the Financial Section and it was learned that it was the State Department and not Treasury which has held up the despatch of the message.

2. State Department objection was that this procedure might contravene the policy which they are endeavouring to carry out that there will be no Japanese in Japan with any rights, property or financial, in foreign countries.

They therefore wondered whether our proposed procedure would be in essence an exception, and they would like information on the status of the property which the Japanese would leave in Canada. This divides itself into two problems:

- (a) Cash or liquid assets, and
- (b) Assets as yet undisposed of.

3. I would appreciate any information you can supply as to the actual procedure which will be followed in respect to both types of assets. For example, in respect to (b) will the title vest in the Custodian and, if so, how is the property to be valued. Taking as a practical case a farm, if it is valued and a yen non-negotiable receipt is issued, then the farm may either increase or decrease in value, with the result that the Canadian authorities may have a profit or may have to stand a loss.

4. The question of receipts generally was also discussed and the State Department officials seemed to be coming around to the view that, as receipts might be lost or gambled, would it not be better to merely cable the authorities in Japan a list of the individuals and the amount of credit in yen on which they could draw. This amount would, of course, be the same amount in each individual case, as would be shown if the negotiable receipts were issued. From this point the discussion developed that if the Japanese would gain no benefit in respect to their property left in Canada by reason of appreciation in value or change in the exchange rate should the whole amount to their credit not be cabled. They could then draw any amount they desired leaving the balance as a credit in Japan. This thought again arises from the desire of the American authorities to prevent Japanese in Japan having assets in Canada or the United States which would be available to them should they be permitted at any time to re-enter either of these countries, or should their American or Canadian-born children return.

5. From the discussion you will appreciate that this matter is far from being settled and it is difficult for me to press the matter as a final decision is necessary only in respect to the repatriates of Canada, because the repatriates from the United States can still only take a fixed amount of credit irrespective of how much property they own.

193.

DEA/3363-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-425

Ottawa, February 8, 1946

IMMEDIATE. Reference your WA-611 of February 4th concerning financial arrangements for the movement of persons of Japanese origin from Canada to Japan.

Immediately upon receipt of your teletype intimating that no communication had yet been sent to the Supreme Commander in Japan with regard to the proposed financial arrangements, the matter was discussed with the Deputy Minister of Labour and the following is the text of a letter from him of to-day's date:

"We have your letter of February 5th.

We are very much concerned that the completion of financial arrangements has not proceeded further than appears to be the case and to learn that the proposals which were formulated by the U.S. authorities and confirmed by us and which we understood had been submitted to the Supreme Allied Commander, have not gone forward. The questions raised by the U.S. authorities indicate a misconception of the situation. As you say, the questions raised in paragraph three of the teletype are answered by reference to paragraphs 6(1)(b) and 6(2) of P.C. 7355.

The only receipt which a Japanese obtains from the Custodian is simply a receipt for monies left with the Custodian by the Japanese prior to leaving Canada. The funds so left on deposit with the Custodian together with the proceeds of any other real or personal property, which has not been disposed of by such Japanese prior to departure from Canada, are simply held by the Custodian for the credit of the Japanese and for subsequent transfer through the purchase of suitable foreign exchange at a later date. The function of the Custodian is that simply of an official trustee under the authority conferred by P.C. 7355.

It follows that title to assets undisposed of would vest in the Custodian and he would then proceed to realize on the property as soon as possible at the best price possible and credit the net proceeds to the account of the repatriate. This amount would then be transferred to the repatriate in Japan by purchase of suitable foreign exchange presumably Japanese whenever the Custodian found it possible to complete arrangements to do so. Please note that the only yen receipts which it is proposed will issue at this time will be in respect of funds which the repatriate takes with him on repatriation. No 'yen' receipts will be issued and turned over to repatriates at time of repatriation in respect to funds to the credit of the repatriate with the Custodian which are left on deposit for later transfer.

With respect to paragraph four of the despatch, we fully agree with your comment that while it would certainly be of assistance to cable ahead a statement of the amount of the yen receipt to be issued, we are still of the opinion that this in itself would hardly be adequate and that the issue of a yen receipt in exchange for monies turned in is necessary and advisable and it will facilitate repatriation arrangements.

We do not believe that the possibility of loss of receipt is sufficient grounds for abandoning the procedure which has been proposed. It should not be too difficult to provide for the later issue of a duplicate receipt in such circumstances.

We see no reason why, however, funds standing to the credit of the repatriate with the Custodian realized by him from sale of assets and which are not taken by the repatriate with him could not be subsequently transferred by establishing by cable the credit in Japan which individuals could draw. The question of re-entry of Japanese into Canada would be a matter of later Government decision and is not a matter for present consideration.

It seems clear that until this matter of transfer of funds is settled, this Department is not in a position to fix sailing dates or requisition specific ships. It seems evident that in order to obtain a decision, it will be necessary, we suggest, for the Ambassador, Mr. Pearson, to take the matter up directly with the higher officers of the State Department and Treasury Department in order to obtain immediate confirmation of the arrangements which were put forward by the United States authorities and which have been confirmed by us and to obtain also, without delay, the approved form of yen receipt which we can arrange to issue. Would you, therefore, take the matter up directly with Mr. Pearson to this end to ensure that this will be done? Unless we can get immediate satisfactory action on this matter, our whole repatriation programme may fall through. I know you appreciate the importance of this matter.”

The comments in the above, as you will observe from certain references, are in general in accord with the views we expressed to the Department of Labour upon receipt of your teletype under reference. I have no doubt that the primary concern of the United States authorities in this matter is that the application here of provisions more generous to the Japanese than their own may prove an embarrassment to them. While this may be the case, it is also true that the policies applied in other respects in the two countries have not been completely similar, and the government here would be subject to even more severe criticism than is at present being received if the financial arrangements applicable to the persons going to Japan were made less generous than those that have been contemplated and announced. I explained in general the situation with regard to this matter in my EX-161 of January 17th. †

Whatever may be the reasons behind the position taken by the United States authorities on this question, it seems to me that certain of the points raised by them as set forth in your teletype WA-611 are not of serious moment. There is no question of appreciation or depreciation of property left with the Custodian since the receipts will not be expressed in dollar or yen terms. They will simply be for the article, object or piece of property concerned and the amount to the credit of the person will be simply the price realized on disposition. The question of loss of receipts or of dissipation through gambling does not seem to be a serious consideration. There could be cabled confirmation of receipts given, but it seems clear that there would be trouble if the Japanese were expected to sail without any evidence in their possession of cash or property left behind. The question of future re-entry into Canada for repatriates or their children and of allowing them to

leave assets in the hope of future re-entry seems to be entirely a question for the Canadian government.

As Mr. MacNamara points out, the entire programme for movement, even of those Japanese who are anxious to go of their own volition, has to be completely held up until this question can be settled. In the circumstances I think it is important that this matter should be taken up at a high level, if possible by yourself, in order to explain the position of the Canadian government and the urgency of the question.

194.

DEA/3363-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-829

Washington, February 19, 1946

Repatriation of Japanese from Canada to Japan.

1. We have had a further discussion with officers of the Finance Division of the State Department and have been informed that they have submitted to the Treasury Department for approval and transmission to the Supreme Commander the following proposal:

(a) That Japanese be permitted to transfer to Japan all their assets without limit. Such transfer is to be arranged by surrender of their assets to the Canadian authorities, who will in turn deposit same in a special account in the name of the Supreme Commander, and will notify the American authorities of the amount standing to the credit of each individual expressed in yen at the rate of 15 yen to \$1.00 (U.S.). The United States will then notify the Supreme Commander by telegram of the amount of credit to which each repatriate is entitled. If the Canadian authorities wish to give the Japanese a receipt expressed in yen they may do so, but it will be the telegraphic communication, not the receipt, which will entitle the Japanese to obtain funds on arrival in Japan.

(b) With respect to property retained in Canada, the State Department is adamant that no instrument should be given to the Japanese indicating that they have an interest in property in Canada. It is, therefore, suggested that any receipt which might be given to the Japanese for property left with the Custodian would state that property as described therein had been surrendered to the Custodian for liquidation. Any wording indicating that such property is held in trust for the individual Japanese would not, repeat not, be satisfactory. The State Department officials stressed their desire to have balances sent to Japan as soon as liquidation was effected. Transmission of such proceeds would follow the same procedure as described in (a) above, namely, deposit by the Canadian authorities and telegraphic confirmation to Japan. We discussed the possibility of a change in exchange rates between

the present time and the time of subsequent transmittal of funds. No objection was raised to this provided that the funds are to be sent to the Japanese as soon as liquidation takes place and are not held until a request is received from the person entitled. This does not make it possible for the Canadian authorities to carry out their expressed intention of permitting the Japanese to leave assets in Canada without limit as to time, as provided for in Order-in-Council P.C. 7355 of December 15th, 1945.

2. I am pressing this matter and will report as soon as I hear about Treasury Department's reaction to the current proposal.

3. With respect to the transportation arrangements, I would appreciate a reply to my WA-621 of February 5th† so that this aspect may be completed.

195.

DEA/50076-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] February 27, 1946

THE CABINET COMMITTEE ON THE JAPANESE

The meeting of the Cabinet Committee on the Japanese problem was held this morning, as planned, to give consideration to the steps that should now be taken in the light of the Supreme Court decision.<sup>1</sup>

So far as the decision itself is concerned, Mr. Mitchell and Mr. Mac-Namara were of the opinion that the majority decision with regard to non-deportation of wives and children might become a very real obstacle in the way of any effective deportation proceedings. The position of the wives would present no difficulty, due to the fact that in all cases they were given the same opportunity as their husbands to indicate their wishes as to movement to Japan. In the case of the children, however, it was felt that many Japanese would use the decision as an opportunity to prevent their own deportation by refusing to take their children with them. Such a move would involve the consequence of breaking up families and of leaving it to the government to

<sup>1</sup> Le Comité coopératif sur les Japonais canadiens, un groupe qui défendait les droits des Japonais canadiens, avait contesté la validité de trois Décrets en Conseil, P.C. 7355, 7356 et 7357 du 15 décembre 1945, qui gouvernaient le rapatriement des Japonais canadiens et la suppression de leur citoyenneté canadienne. La question fut étudiée par la Cour suprême qui, en général, confirma la validité des Décrets en Conseil. Voir F. E. La Violette, *The Canadian Japanese and World War II*. Toronto: University of Toronto Press, 1948, p. 258 à 274.

<sup>1</sup> The Co-operative Committee on Japanese Canadians, a group which defended the rights of Japanese Canadians, had challenged the validity of three Orders in Council, P.C. 7355, 7356 and 7357 of December 15, 1945, which governed the repatriation of Japanese Canadians and the removal of their Canadian citizenship. The issue was studied by the Supreme Court which generally upheld the validity of the Orders in Council. See F. E. La Violette, *The Canadian Japanese and World War II*. Toronto: University of Toronto Press, 1948, pp. 258-274.

provide maintenance for the children in this country if deportation were carried through, or of allowing deportation to lapse. In the circumstances, it was agreed by the meeting that it would probably be useless to attempt to carry forward the movement of any other than voluntary repatriates as long as the decision remained as at present. This fact in itself was thought to constitute an important argument in favour of allowing an appeal to go forward to the Privy Council in the hope that this aspect of the decision might be reversed.

In the light of the above situation, it was felt that, while it would otherwise be desirable to avoid having an appeal carried to the Privy Council, nevertheless this probably could not be avoided unless the government were prepared to face the possibility that the entire deportation programme would be blocked. As an additional factor, it was felt that, while it might be possible to secure agreement from Mr. Brewin and the Toronto Committee,<sup>1</sup> that they would not proceed with their appeal if the government policy were modified in certain respects as they desired, nevertheless any such commitment would be no guarantee against having appeals carried by other committees throughout Canada or by Japanese individuals involved. In short, there appeared to be no reasonable possibility of carrying through a successful policy under the terms of the present judgment and, at the same time, no way of having that judgment altered other than by an appeal to the Privy Council.

After careful consideration, the Committee decided that it would recommend to Cabinet that an announcement should be made on behalf of the government to the following effect:

(a) That, in the light of the uncertainty created in the legal situation by the differing judgments of the Supreme Court, the government would facilitate the hearing of an appeal on the question by the Privy Council.

(b) That arrangements would be made at as early a date as possible for any Japanese who wished to do so, to leave Canada for Japan on a purely voluntary basis under the conditions already laid down by Order in Council. The other aspects of the deportation policy would be held in abeyance pending the decision on the appeal.

(c) That the appointment of the Commission to review the cases of Japanese persons would be deferred until the hearing of the appeal had been completed, and that before its establishment its terms of reference would be re-examined.

In addition, the Committee decided to recommend (not for announcement) that the Department of Labour should take immediate measures to encourage dispersal and settlement of the Japanese in Canada as rapidly as possible. For this purpose it was felt to be essential that the ban on the purchase of land by Japanese persons should be lifted. The Committee was of the view that it was highly desirable to have re-settlement on as permanent a basis as possible

<sup>1</sup> Le Comité coopératif sur les Japonais canadiens. F. A. Brewin était un des avocats du Comité.

<sup>1</sup> The Co-operative Committee on Japanese Canadians. F. A. Brewin was one of the lawyers of the Committee.

at an early date since the Orders in Council which enable the restriction and control of the Japanese persons in this country will lapse at December 31st next, with the termination of the National Emergency Transitional Powers Act.

While the sending of an appeal to London will mean that no hearing can probably be completed before June at the earliest, Mr. MacNamara was of the view that this would not, in reality, involve any delay in the settlement of the problem since he felt that it was likely to take some months yet before arrangements could be agreed on with the United States authorities and cleared with General MacArthur for the details of the movement. There have been unexpected difficulties with regard to the capacity of the Japanese to take funds from Canada to Japan. The United States authorities are being quite strict in this matter, although they have finally agreed that the Japanese should be able to take all their funds with them. (At first they were opposed to their being allowed to take more than a stipulated amount of very modest size.) If this arrangement seems satisfactory it still has to be cleared with General MacArthur, and there is every probability that there will be lengthy delays. In view of this it was felt that the time involved in an appeal might be an advantage rather than an embarrassment.

N. A. R[OBERTSON]

196.

DEA/3363-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-649

Ottawa, March 2, 1946

Reference your teletype WA-829 of February 19th, concerning financial arrangements for the movement of Japanese from Canada to Japan.

The latest United States proposal, as outlined in your teletype under reference, has now been discussed with the Department of Labour and representatives from the office of the Custodian and of the Comptroller of the Treasury. After discussion, it has been agreed, in view of the United States position, to drop the original intention of allowing the Japanese to leave sums on deposit in Canada without commitment as to early transmission. This will meet one of the major United States objections. It is felt, however, that certain modifications are necessary in the United States proposal, as outlined in your teletype, in order to enable the transfers to be handled in a practical manner. The following modified proposal has been prepared and the Deputy Minister of Labour has asked that it be brought forward for discussion at as early a date as possible with the United States authorities.

The text of the proposal is as follows:

“Other deportation and repatriation arrangements are suspended pending the finding of a satisfactory formula for handling the funds of Japanese

repatriates and the delay is causing concern. With the object of obtaining an early decision which will give effect, so far as circumstances permit, to the terms of P.C. 7355, the following alternative proposal is submitted for immediate consideration of the United States authorities concerned:

A. that, at or immediately prior to departure, a yen receipt be issued to or for each person who is being deported to Japan in the terms of Section No. 7 of P.C. 7355 and for the amounts set out in Sub-Sections (a) and (b) of that Section only. The Canadian Government will deposit a sum equivalent to the total value of yen receipts issued at the rate of 15 yen to \$1.00 (U.S.) in a special account in the name of the Supreme Commander and will notify the American authorities of the amount so deposited and provide them with details of those Japanese to whom yen receipts have been issued. While we consider it preferable that all yen receipts be cashed by any bank in Japan and forwarded by the paying bank to the Bank of Japan for ultimate redemption or disposition by the financial agent of the Supreme Commander, if that is not possible we agree that the United States notify the Supreme Commander by telegram of the amount granted to each repatriate in order to enable the Japanese to obtain funds on arrival in Japan. It is essential that evidence of actual receipt of such funds by the deported or repatriated Japanese to whom they are paid, be provided to the Canadian authorities. To this end it is suggested that the financial agent for the Supreme Commander obtain a receipt for all such monies so paid and either transmit a copy thereof to the Japanese Division, Department of Labour, Ottawa, or provide them with a statement or statements from time to time, confirming that the payments and the amounts thereof have actually been made to the individual Japanese concerned.

B. that all real or personal property of any kind whatsoever, including any money in the possession of or standing to the credit in Canada of any person who is being deported, be transferred for his account to the Custodian of Enemy Property. The Custodian of Enemy Property will sell such property as has been vested in him as soon as, in his opinion, it is reasonably practicable to do so, placing the net proceeds realized from such sale to the credit of such person. Immediately after such liquidation and realization and subject to:

1. deduction for reasonable handling charges;
  2. deduction, where possible, for amounts advanced under A. above,
- the Custodian of Enemy Property will deposit an amount equivalent to the sum then standing to the credit of each person who has been deported to Japan in a special account in the name of the Supreme Commander and will notify the American authorities of the amount standing to the credit of each individual expressed in yen at the rate of 15 yen to \$1.00 (U.S.). It is understood that the United States will then notify the Supreme Commander by telegram of the amount of credit to which each repatriate is entitled. It is essential that evidence of actual receipt of such funds by the deported or repatriated Japanese to whom they are paid, be provided to the Canadian

authorities. To this end it is suggested that the financial agent for the Supreme Commander obtain a receipt for all such monies so paid and either transmit a copy thereof to the Japanese Division, Department of Labour, Ottawa, or provide them with a statement or statements from time to time, confirming that the payments and the amounts thereof have actually been made to the individual Japanese concerned."

I am aware from your teletype WA-737 of February 12th† that this matter has been discussed with the Under-Secretary of State and I assume that this should lead to some expedition in the settlement of the problem. However, the entire question has now been under discussion for something over two months without yet getting as far as General MacArthur and, in the circumstances, the anxiety of the authorities here who are responsible for the solution of this problem is understandable. It would be appreciated if anything possible could be done by yourself personally or in any other effective manner to try to ensure that serious and early attention is given to this matter. No movement even of persons going voluntarily is possible until the financial arrangements are settled.

For your confidential information I may say that it is probable that an appeal will be carried to the Privy Council by the Co-operative Committee on Japanese Canadians from the decision as handed down by the Supreme Court. In the circumstances, this may mean that only those Japanese who are genuine volunteers may be moved in the near future—possibly along with certain Japanese nationals. The government is very anxious, however, to have any Japanese who wish to leave Canada do so at as early a date as can be arranged.

197.

DEA/50076-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] March 6, 1946

## DEPORTATION OF PERSONS OF JAPANESE RACE

At its meeting on March 6th, the Cabinet, upon the recommendation of the Minister of Labour, agreed:

(a) that, in the light of the uncertainty created in the legal situation by the differing judgments of the Supreme Court, the government facilitate the hearing of an appeal on the question by the Judicial Committee of the United Kingdom Privy Council;

(b) that, pending the outcome of the appeal, arrangements be made at as early a date as possible for any Japanese who wished to do so, to leave Canada for Japan on a purely voluntary basis;

(c) that the appointment of the Commission to review the cases of Japanese persons be deferred until the hearing of the appeal had been completed, and that before its establishment its terms of reference be reconsidered; and

(d) that an early announcement be made to the above effect.

It was further agreed that consideration be given to the steps to be taken by the government immediately to facilitate general re-settlement of loyal Japanese persons throughout the country and that, to assist in achieving re-settlement on a permanent basis the prohibition on the purchase of land by such persons be lifted.

N. A. R[OBERTSON]

198.

DEA/3363-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-1082

Washington, March 7, 1946

Financial arrangements for repatriation of Japanese from Canada to Japan. The following is the text of a memorandum received from the Department of State today. In a subsequent teletype I will transmit some comments on this memorandum arising out of the discussion held with State Department officers this morning at the time the note was delivered.

#### Memorandum

Reference is made to the request of the Canadian Embassy for information as to what arrangements in connection with the repatriation of Japanese assets from Canada would be in accordance with regulations in effect in Japan with respect to the importation of property by Japanese being repatriated to Japan.

Information available to the State and Treasury Departments indicates that under existing regulations in Japan, Japanese repatriates from Canada will be permitted to take into Japan their personal effects, such as clothing, household furniture and jewelry, Yen currency not in excess of 1000 Yen, Japanese bank deposit or postal savings books, Japanese securities, and evidences of property in Japan or of obligations of persons in Japan. Consequently, any such property permitted to leave Canada will be allowed entry into Japan.

Under present regulations in Japan, non-Yen currency, non-Japanese securities, checks, drafts and payment instructions expressed in non-Yen currencies, and other non-Japanese obligations and evidences of property outside Japan will be permitted entry and will be taken up by Japanese customs officials. Eventual disposition of such items has not yet been determined.

It is understood that the Canadian Government desires to permit Japanese repatriates to liquidate their property in Canada and to repatriate the proceeds. Subject to the approval of the Supreme Commander for the Allied Powers, which has been requested by cable, it is proposed that the United States Government accept for the account of the Supreme Commander with the United States Treasury the dollar equivalent of the proceeds of the liqui-

dation, and arrange for payment of the Yen equivalent upon arrival of Japanese repatriates in Japan. Proceeds of liquidation will be accepted from the Canadian Government in United States dollars in unlimited amounts. It is suggested that the Canadian Government transmit to the Department of State checks drawn to the order of the Treasurer of the United States, together with schedules specifying the names of Japanese repatriates on whose behalf the dollars are remitted and the amounts allocated to the respective repatriates. The Department of State will undertake to see that appropriate schedules are forwarded to the Supreme Commander for the Allied Powers, who will instruct the Bank of Japan to make out-payments in Yen at the military rate of conversion in effect at the time the dollars are deposited in the Supreme Commander's account with the United States Treasury. Bank of Japan representatives will be available at port of debarkation in Japan to make Yen payments. In the event that the amount to which a repatriate is entitled exceeds the amount which he can withdraw in cash under Japanese currency regulations, there will be no objection to retention of the excess in blocked accounts in accordance with those regulations.

It is understood that the Canadian Government does not wish to force an immediate liquidation of property by Japanese, and wishes to provide that any property not liquidated before departure will be retained by the Canadian Enemy Property Custodian to be liquidated by him at his discretion, with the Japanese repatriate being given a receipt recording the fact that the Canadian Enemy Property Custodian has retained the described property. It would be the intention of the Canadian Government to remit the proceeds of liquidation as soon as the liquidation is completed. Subject to confirmation by the Supreme Commander, the United States Government has no objection to this procedure. The Japanese repatriates will be permitted to retain upon entry into Japan the receipts given them by the Canadian Government, and remittance of the proceeds will be acceptable at any time under conditions identical with those specified in the preceding paragraph.

It is understood that the Canadian authorities will examine repatriates before they leave Canada to make certain that they are not carrying out any items which are forbidden entry into Japan. The only items permitted to be carried out will be personal effects, Yen-currency, Yen-securities, Yen-obligations, evidences of property in Japan, and such receipts as the Canadian Government may wish to provide to Japanese to record arrangements described in the two preceding paragraphs.

The Department of State will notify the Canadian Embassy as soon as the procedures outlined above have been approved by the Supreme Commander.

This memorandum was prepared prior to the receipt of the Canadian Embassy's memorandum of March 5th, 1946.<sup>1</sup> With respect to the first sentence of paragraph A of that memorandum, it will be noted that the United States Government does not propose to place any restriction on the amount of

<sup>1</sup> Voir le texte de la proposition dans le télégramme du 2 mars, document 196.

<sup>1</sup> See text of proposal in telegram of March 2, Document 196.

remittances made by the Canadian Government on behalf of Japanese repatriates from Canada, either at the time of their repatriation or at a later date.

The Canadian Embassy's memorandum suggests that a sum equivalent to the total value of Yen receipts issued at the rate of 15 Yen to \$1.00 (United States) be placed in a special account in the name of the Supreme Commander. The United States Government suggestion is that the Canadian Government remit United States dollars to the United States Treasury Department for deposit in the account of the Supreme Commander there, and that the Yen equivalent payable to the Japanese repatriate be computed on the basis of the military rate of conversion in effect at the time the dollars are deposited. If this arrangement is not satisfactory to the Canadian Government, it can, of course, be re-examined.

Note is taken of the desire of the Canadian Government to receive evidence that payments have been made to the designated Japanese in Japan. The Supreme Commander will be asked to obtain receipts or other evidence of payment from the Bank of Japan for forwarding to the Canadian Government. Department of State, Washington, March 7th, 1946.

199.

DEA/3363-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-1095

Washington, March 8, 1946

Further to my WA-1082 of March 7th transmitting a memorandum received from the State Department on the subject of financial arrangements in the repatriation of Japanese from Canada to Japan, I wish to make the following comments on the memorandum.

1. The only new item in the proposal for handling this matter is the question of the exchange rate. You will note that the State and Treasury Departments suggest that the yen equivalent of monies or property surrendered by the Japanese be computed on the basis of the military rate of conversion in effect at the time that the dollars are deposited with the United States Treasury. It is appreciated by the American authorities that there may be a variation in the rates received by the early and late repatriates, but they are agreeable to this rather than to have a fixed rate for repatriates from Canada and another rate for all other financial transactions. From my knowledge of the discussions in Ottawa, this change in the proposal would not appear to raise any difficulty in principle. It does, however, raise the second question, namely, that of receipts.

2. Form of receipts. My representative undertook to ensure that the form of receipt to be used would be submitted to the United States Treasury officials before its issuance. As the Americans are not using a receipt, no precedent is available, but in discussing this matter they suggested that the wording should

be as general as possible and cannot, of course, now be expressed in yen. Wording to the following effect is suggested and, if acceptable, would cover both liquid assets and property left with the Custodian, thereby avoiding the necessity for two types of receipts:

The Canadian Government acknowledges that ..... (name) ..... has surrendered property situated in Canada as described on the reverse hereof and agrees to remit the proceeds of such property immediately or upon liquidation, if such action is required, to Japan under arrangements made with, and approved by, the United States Government and the military authorities in Japan.

The credit so established in Japan will be expressed in yen and withdrawals from such credit by the person entitled thereto will be subject to Japanese currency regulations.

3. The question of pocket money for the trip was also discussed. You will note from the memorandum that, should the repatriates be in possession of any yen currency, such may be taken with them up to 1,000 yen, but this currency will not, repeat not, be accepted for expenses during the voyage. There is no objection to the repatriates taking Canadian or American dollars to an amount not exceeding \$20.00 for trip expenses, but it must be understood that all such non-yen currency not expended will be seized on arrival in Japan. Until it is actually known what type of ships will be used to transport the repatriates, it is not known what facilities will be provided, nor, therefore, whether pocket money will be necessary. This point could probably best be covered by the appropriate officials on the West Coast when definite arrangements for shipping are being made.

4. The American authorities will inform me immediately an answer is received from the Supreme Commander and, in the interval, I would appreciate receiving any comments which you may wish to have transmitted to the American authorities.

200.

DEA/3363-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-799

Ottawa, March 18, 1946

Reference your teletype WA-1095 of March 8th, 1946 concerning financial arrangements for the movement of Japanese from Canada to Japan and particularly Item 2, representatives from the Office of the Comptroller of the Treasury and of the Department of Labour have discussed the proposed form of receipt and it is their view that two forms will be required, as follows:

1.

The Government of Canada acknowledges that ..... (name) ..... has established a credit of ..... Japanese yen, which credit has been transferred to the United States Treasury by the action of the Canadian Government in placing to the credit of the account maintained with the United

States Treasury in the name of the Supreme Commander of the Allied Forces in Japan of an equivalent amount of United States dollars converted from Japanese yen at the exchange rate of ..... yen to the United States dollar.

The credit represented by this instrument will be payable in Japan to the person entitled thereto, subject to the approval of the Supreme Commander and to Japanese currency regulations.

2.

The Government of Canada acknowledges that.....(name)..... has surrendered property situated in Canada as described on the reverse hereof and agrees to remit the net proceeds of such property immediately or upon liquidation, if such action is required, to Japan under arrangements made with, and approved by, the United States Government and the military authorities in Japan; Provided that from the proceeds of such property there shall be retained such amounts as are required to repay advances made by the Government of Canada by way of repatriation grant.

Form 1 will be used first under one series of numbers to evidence the amount granted each repatriate under Section 7 of P.C. 7355. It will be used again under a different series of numbers after all assets of repatriates have been converted into cash by the Custodian of Enemy Property to facilitate transfer of the amount standing to the credit of each person deported to Japan, deposited in a special account in the name of the Supreme Commander. In this latter case it will be particularly useful for accounting purposes.

Form 2 will schedule all surrendered property situated in Canada, the net proceeds of which are to be remitted upon liquidation in accordance with our previous proposal. This form will be non-negotiable and will be so marked.

Both forms will be verified and signed for the Comptroller of the Treasury for Canada and place and date will be recorded as required.

The Deputy Minister of Labour has asked that the concurrence of the United States authorities to the use of these forms be obtained at as early a date as possible.

201.

DEA/3363-D-40

*Note de l'ambassade aux États-Unis  
au département d'État des États-Unis*

*Note from Embassy in United States  
to Department of State of United States*

No. 119

Washington, March 30, 1946

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to a Memorandum of the Department of State dated March 7th in connection with the repatriation of Japanese from Canada to Japan and the transfer of their assets to Japan.

The Department of State's memorandum has been studied by the Canadian authorities and was the subject of a conference in Washington on March 28th between representatives of the United States Departments of State, Treasury and War and the Canadian Treasury and Labour Departments.

The following memorandum of the conference was prepared by the Canadian representatives, and Mr. Pearson would appreciate confirmation that it sets forth correctly the agreement reached at the conference.

#### MEMORANDUM OF CONFERENCE

Under existing regulations in Japan, Japanese deportees or repatriates from Canada will be permitted to take into Japan their personal effects, such as clothing, household furniture and jewelry, yen currency not in excess of 1000 yen, Japanese bank deposits or postal savings books, Japanese securities, and evidences of property in Japan or of obligations of persons in Japan. Consequently, any such property permitted to leave Canada will be allowed entry into Japan.

The Canadian Government desires to permit Japanese deportees or repatriates to liquidate their property in Canada and to repatriate the proceeds. Subject to the approval of the Supreme Commander for the Allied Powers which has been requested by cable, it is proposed that the United States Government accept for the account of the Supreme Commander with the United States Treasury the U.S. dollar equivalent of the proceeds of the liquidation and arrange for payment of the yen equivalent upon arrival of Japanese deportees or repatriates in Japan.

Proceeds of liquidation will be accepted from the Canadian Government in United States dollars in unlimited amounts. The Canadian Government will be informed as to the mechanics of the actual transfer of Canadian funds to the United States Government as soon as details have been worked out between Mr. D. H. Connor and the United States authorities.

It is understood that the Canadian Government will provide schedules specifying the names of Japanese deportees or repatriates on whose behalf the dollars are remitted and the amounts allocated to the respective deportees and repatriates. The United States Department of State would undertake to see that appropriate schedules are forwarded to the Supreme Commander for the Allied Powers, who will instruct the Bank of Japan to make out-payments. Payment in Japan to the deportees and repatriates will be effected in accordance with the following procedure; where schedules and monies have been deposited by the Canadian Government with the appropriate United States authorities prior to the arrival of the repatriates in Japan, remittances will be effected at the rate of exchange in effect on the date of the arrival of the deportees or repatriates in Japan. If no rate of exchange has been established, the military rate of conversion then in effect will govern. The Bank of Japan representatives will be available at the port of debarkation in

Japan to make yen payments; in the case of schedules and monies which are the proceeds of liquidation of assets left with the Canadian Enemy Property Custodian, and which are deposited with the appropriate United States authorities after the arrival of the deportees or repatriates in Japan, the United States authorities will undertake to see that the appropriate schedules are forwarded to the Supreme Commander for the Allied Powers, who will instruct the Bank of Japan to make out-payments in yen at the rate of exchange in effect at the time the dollars are deposited in the Supreme Commander's account with the United States Government. If no rate of exchange has been established, the military rate of conversion at the date of such deposit will govern. In both cases, should the amount to which a deportee or repatriate is entitled exceed the amount which he can withdraw in cash under Japanese currency regulations, there will be no objection to retention of the excess in blocked accounts in accordance with those regulations.

It is understood that the Canadian Government does not wish to force an immediate liquidation of property by Japanese, and wishes to provide that any property not liquidated before departure will be retained by the Canadian Enemy Property Custodian to be liquidated by him at his discretion, with the Japanese deportee or repatriate given a receipt recording the fact that the Canadian Enemy Property Custodian has retained the described property.

It would be the intention of the Canadian Government to remit the proceeds of liquidation as soon as the liquidation is completed. Subject to confirmation by the Supreme Commander, the United States Government has no objection to this procedure. The Japanese deportees and repatriates will be permitted to retain upon entry to Japan, the receipts given them by the Canadian Government, and remittances of the proceeds will be acceptable at any time under conditions identical with those specified in the preceding paragraphs.

It is understood that the Canadian authorities will examine deportees and repatriates before they leave Canada to make certain that they are not carrying out any items which are forbidden entry into Japan. The only items permitted to be carried out will be personal effects, yen currency, yen securities, yen obligations, evidences of property in Japan, and such receipts as the Canadian Government may provide to Japanese to record arrangements described in the preceding paragraphs.

The Department of State will notify the Canadian Embassy as soon as the procedure outlined above has been approved by the Supreme Commander.

It is understood that the United States Government does not propose to place any restrictions on the amount of remittances made by the Canadian Government on behalf of the Japanese deportees and repatriates from Canada, either at the time of their repatriation or at a later date.

The Canadian Government is of the opinion that two forms of receipts are required and the wording of these receipts, which has been agreed to, follows:

1.

The Government of Canada acknowledges that .....(name)..... has established a credit of ..... in Canadian dollars. This credit is being transferred to the United States Government for remittance of the yen equivalent to the person named herein.

The credit represented by this instrument will be payable in yen in Japan to the person named herein, whose signature appears below, subject to the approval of the Supreme Commander for the Allied Powers and to Japanese currency regulations.

Signature of Japanese

2.

The Government of Canada acknowledges that .....(name)..... has surrendered property situated in Canada as described on the reverse hereof and agrees to remit the yen equivalent of the net proceeds of such property immediately or upon liquidation, if such action is required, to Japan under arrangements made with, and approved by, the United States Government and the Military authorities in Japan; provided that from the proceeds of such property there shall be retained such amounts as are required to repay advances made by the Government of Canada by way of repatriation grant.

Form No. 1 will be used first under one series of numbers to evidence the amount granted each deportee or repatriate under Section 7 of Order-in-Council P.C. 7355, dated December 15, 1945, as well as to complete the transfer of all funds of individual deportees or repatriates whose assets are liquid at the time of departure. The original of this receipt will be delivered to the Japanese deportee or repatriate and will serve for identification purposes as well as for acknowledgment. The amounts therein shown will form the basis of the transfer of related funds to the account of the Supreme Commander. Form No. 1 will also be used under a different series of numbers after all assets of deportees and repatriates have been converted into cash by the Custodian of Enemy Property. Issuance of forms No. 1 Second Series will facilitate transfer of the amount then standing to the credit of each person deported or repatriated to Japan and the funds will be deposited in a special account in the name of the Supreme Commander in the same manner as funds resulting from the grant and liquid assets at the time of departure. As the deportees or repatriates will have departed from Canada when form No. 1 Second Series is issued, it is not the intention of the Canadian authorities to deliver the original to the deportees and repatriates respectively entitled thereto.

Form No. 2 will schedule all surrendered property situated in Canada, the net proceeds of which are to be remitted upon liquidation in accordance with our previous proposal.

Both forms will be non-negotiable and clearly so marked. They will be verified and signed for the Comptroller of the Treasury for Canada and place

and date will be recorded as required. The signature of the Japanese being deported or repatriated will be obtained when the receipt is issued for the amount of the grant or for liquid assets at the time of departure. It is not intended to obtain the signature of a Japanese who has been deported or repatriated on the form for the amount placed to his credit after his departure.

It is further understood:

1. That payment will be made in Japan to Japanese deportees and repatriates on the basis of telegraphed advice to the Supreme Commander and that for purposes of the United States authorities neither Form No. 1 or Form No. 2 will have any force or effect beyond their usefulness for purposes of acknowledgment and identification.

2. That for any reason, should payment be not made within a reasonable time to the designated Japanese deportee or repatriate by the United States authorities in accordance with telegraphed advice to the Supreme Commander, the funds so unpaid will be returned to the Canadian Government.

3. That it is the desire of the Canadian Government to receive evidence that payments have been made to the designated Japanese in Japan. The Supreme Commander will be asked to obtain receipts or other evidences of payment from the Bank of Japan for forwarding to the Canadian Government.

202.

DEA/3363-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-1539

Washington, April 8, 1946

My despatch No. 666 April 2nd,† repatriation of Japanese from Canada to Japan. The following is the text of the reply, dated April 5th, received today from the State Department to my note No. 119 of March 30th on the above subject, Begins:

The Secretary of State presents his compliments to His Excellency the Ambassador of Canada and has the honour to confirm that the Canadian Embassy's note No. 119 dated March 30th, 1946, correctly sets forth the agreements reached at the Conference of March 28th between representatives of the United States Departments of State, Treasury and War and the Canadian Treasury and Labour Departments, concerning procedures for the transfer to Japan of the assets of Japanese deportees or repatriates from Canada.

An outline of procedures, almost identical with those agreed upon at the Conference on March 28th, had been sent to the Supreme Commander for the Allied Powers prior to that Conference, and his approval of that outline has now been received. It is believed that the Supreme Commander will have no objection to the minor changes made at the Conference. A copy of the Canadian Embassy's note will be sent to the Supreme Commander, and in the

absence of any further comments from the Supreme Commander, the Canadian Embassy's note will be considered to constitute the agreed statement of procedures for carrying out the transfer of the assets in question.

It is understood that representatives of the United States Treasury and War Department will work out the mechanics for the mutual transfer of Canadian funds to the United States Government in consultation with Mr. D. H. Connor, representative of the Canadian Treasury in Washington. Ends.

203.

DEA/3363-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-1083

Ottawa, April 17, 1946

IMMEDIATE. Begins: Reference your WA-1559 of April 9th,† concerning transportation arrangements for persons of Japanese origin proceeding to Japan.

The following is the text of a letter that has now been received from the Deputy Minister of Labour with regard to this matter:

"Would you be good enough to forward, as soon as possible, to the Canadian Embassy at Washington a requisition for shipping accommodation for the following Japanese for shipment from Vancouver to Japan, namely:

Males over 12 years of age	736
Females over 12 years of age	348
Boys 12 years of age and under	147
Girls 12 years of age and under	155

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1,386

"The above persons comprise 222 family groups and 466 single unattached adults. There may be some minor additions or deductions, prior to sailing, in the above figures of which advice will be given to the U.S. shipping representatives at Seattle as these occur between now and the sailing date. All of the above persons are voluntary repatriates.

"It is requested that this requisition be placed immediately with the proper U.S. shipping authorities and that instructions go forward from the U.S. shipping authorities in Washington to their representative in Seattle with a view to completing arrangements at that end with Mr. T. B. Pickersgill, Commissioner of Japanese Placement, Department of Labour, 360 Homer Street, Vancouver, as soon as practicable."

I should appreciate it if you could have the above information placed in the hands of the proper authorities in order that the necessary measures may be taken as soon as possible. Ends.

204.

DEA/3363-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-1130

Ottawa, April 25, 1946

IMMEDIATE. Reference your WA-1665 of April 18† and further correspondence† concerning the repatriation of Japanese from Canada to Japan.

The following is the text of a letter which has now been received from the Deputy Minister of Labour concerning this matter:

“Mr. Pickersgill reports that on getting in touch with Mr. Wagner, Seattle, he was referred in turn to one A. S. Stanford of the Passenger Section, War Shipping Administration, San Francisco, as the party who had control of passenger shipping on the West Coast. Mr. Stanford indicated to Mr. Pickersgill over the telephone that the only shipping immediately in sight was a vessel which would hold a maximum of between 600 and 700 passengers and would require conversion from troop transport accommodation to civilian accommodation and would probably take three weeks or more to reconvert for this purpose and that any additional shipping accommodation would be some weeks later.

We, of course, consider it very important that the shipping of voluntary repatriates be completed by the end of May, if possible, as delay beyond that date is quite likely to change the picture.

Mr. Stanford also suggested to Mr. Pickersgill that the repatriates would also have to have an additional inoculation for typhus. This was not required under our original shipping plans and would mean going through this whole procedure of inoculation again after the same has been completed.

We would, therefore, like you to have the Canadian Embassy representatives make immediate direct contact with the War Shipping Administration and endeavour to get a specific allocation of shipping now to complete repatriation of voluntary repatriates during the month of May.

Unless some direct pressure is put on in Washington for this purpose, we are likely to run into the same delays that we encountered in respect to the completion of financial arrangements.”

The government feels that it is particularly important that Japanese who are willing to return to Japan should leave at as early a date as possible. The delay in getting any movement whatever is proving a source of embarrassment, and further delays may lead to misunderstanding and difficulty. I should appreciate it, therefore, if you would have this matter taken up as soon as possible in order to secure immediate arrangements for the movement that is contemplated.

205.

DEA/3363-D-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*

TELEGRAM WA-1834

Washington, April 30, 1946

CONFIDENTIAL. Following for Gordon Robertson from Morrow, Begins: My WA-1815 and WA-1827, April 30th,† repatriation of Japanese from Canada to Japan.

1. I was greatly disturbed when I received a report today of the meeting at the State Department Monday afternoon attended by Mr. MacNamara, Deputy Minister of Labour. As you know, we have been spending a considerable amount of time on the question of repatriating these Japanese and have now made what we believed to be satisfactory arrangements in respect to both the financial and transportation aspects. When Mr. MacNamara telephoned on Saturday to say that he would like to come to Washington to discuss the matter of transportation we had received your EX-1130 of April 25th and, in accordance with the second to last paragraph, had pressed for definite information on shipping dates and ships available by Monday. We explained this to Mr. MacNamara and arranged a meeting for him for Monday afternoon.

2. Before going to the meeting he was discussing the rates to be charged for the move, which we reported in our WA-1664 of April 18th,† and seemed to be of the opinion that they were rather high, but it was explained that even if they were, which we doubted, the desire to move all the repatriates at one time and as soon as possible, coupled with the absolute scarcity of shipping, should justify the charges quoted.

3. At the meeting, Mr. MacNamara again raised the question of the amount to be charged, and finally stated that he would like a few days to think over the possibility of cancelling the whole arrangement. This, as you may imagine, was a very distinct surprise to all present and was, I may say, well taken by the American authorities, who merely explained that if they did not know definitely by Wednesday morning at 10 o'clock our time, they could use the ships for other purposes and that no further shipping would be available until late July at the earliest—and then with no guarantee of any different rate per passenger.

4. Later today I received a further message from the State Department in which they kindly offered to increase the dormitory or reduced fare accommodation as much as possible provided that we could let them know Tuesday night if such was acceptable. This would be an increase of about 200 from that previously quoted. As Mr. MacNamara could not be reached in New York, we communicated with Mr. Brown of the Department of Labour who saw the Minister and obtained a firm ruling that we could take the ships—the only proviso being that any spare space would be cabin space rather

than the cheaper accommodation. This will not amount to very much as the number of repatriates has been increased since the last figures which were provided by the Department of Labour.

5. The whole matter is now settled, but I am making these comments to indicate that such a decision as that stated by the Deputy Minister, while it may be well-founded in view of the circumstances in Canada, is certainly most embarrassing to us here, coming as it did in the presence of the State Department officers and without any prior warning, and may make it very difficult in future for us to obtain any concessions in the way of shipping from any part of the world. You are also aware that we are regularly instructed to obtain the maximum accommodation for Canadian authorized repatriates from Europe, which is a very difficult problem, and I feel that our effectiveness in respect to such movement may have been seriously impaired. Ends.

206.

DEA/3363-D-40

*Rapport du premier officier, le Détachement de liaison  
pour les crimes de guerre, théâtre japonais*

*Report by Officer-in-Charge, War Crimes Liaison Detachment,  
Japanese Theatre*

[Tokyo,] June 20, 1946

REPORT ON ARRIVAL OF JAPANESE REPATRIATES FROM CANADA  
669 EX MARINE ANGEL, 1 BORN DURING VOYAGE

The ship arrived at Uraya, a port on the Tokyo Bay about 45 miles from Tokyo, at 1330 hours, Saturday, 15 June 1946. There is no wharfage at this port, ships load and unload by lighter. It was arranged to commence the unloading on Monday 17 June. However, after waiting all day and unloading some of the baggage, it was decided that the sea was still too rough to transfer women and children into the open landing boats. On Tuesday, 18 June, the ship was moved over behind the breakwater where the water was much smoother, but this entailed a correspondingly longer trip in the landing craft. The passengers all left the ship about a quarter to 11, and duly arrived at the reception centre, about a mile from the landing point. The delay of a day was a benefit, because on Monday the Japanese had no fuel to supply trucks, but on Tuesday, some gasoline was obtained and transportation by truck was supplied from the landing slip to the reception centre for the women, children and the very old.

The repatriation centre at Uraya consists of six large camps at various points around the peninsula, and a central reception point capable of handling and processing as many as 10,000 persons per day. The centre is under the command of Lt-Col King of the 8th Army, and all steps such as inoculation, delousing, customs examination, payment, discharge, bathing, etc. are carried out on a mass production assembly line system. Everything runs smoothly

and there was no hitch in any of the arrangements. The whole operation is carried out by the Japanese civilian authorities under the control and supervision of the U.S. Army.

The Canadian repatriates were not required to go through all the stages imposed on returning troops, for example, their baggage was not examined by the customs, nor was any disinfecting resorted to. They were, however, each given a typhus and cholera inoculation on landing, and will be kept in the camps until tomorrow, when arrangements have been made to give them all railway tickets to their destinations. The railway station is about a mile from the camp and the baggage is now all in camp and will be transported to the railway station by truck.

The unloading of the baggage was a big task. The men among the repatriates worked three shifts until 6 o'clock yesterday morning getting it up. It was hardly possible to commence the payment until after the inoculation was over, but the Bank of Japan had a staff of four, and payment continued until about nine o'clock on the 18th, and at five o'clock on the 19th was thought to be all finished, but the Bank had to make a final check to be sure of this.

There was no sickness on the voyage except a considerable amount of sea sickness, one female passenger was a mental case and was handled as such.

A good many of the passengers were personally acquainted with me, and they said they wished to express their thanks to the Captain and crew of the ship for the kindness they had received.

While they all understood the arrangements about exchange, some of them were rather shocked to find that the official rate of  $13\frac{1}{2}$  yen per dollar was less than  $\frac{1}{3}$  of what the dollar is worth on the local markets. A loaf of rationed bread made of a mixture of barley, wheat, rice polishings, potatoes, ground silk worms, etc. costs 2 yen 10 sen per loaf (1 kilo). Rice of second quality costs from 2 yen 10 sen to 2 yen 30 sen per kilo. Fish costs from 2 to 5 yen per pound.

The majority of the younger people, especially those in their teens were obviously depressed and desirous of returning as soon as possible. So far they have seen nothing of the desolation of Japan, and it was probably their contact with Japanese food that accentuated this feeling. Most of them in the teen age group were unable to eat the food supplied.

It will be seen from the above that the arrangements made by the Canadian Government worked out smoothly, and so far no one has made any serious complaint.

The following points are submitted for consideration in case any other shipments are being sent:

(1) The baggage receives pretty severe handling from the Japanese workmen. I would impress on all passengers that they should pack their baggage

as strongly as possible, and that each group should be supplied with two or three hammers and plenty of suitable nails for repairing any damaged boxes, etc. Sewing machines especially should be packed more securely than some of them on the last shipment.

(2) Owing to the food situation in Japan, I think they should bring as much food with them as possible.

(3) The list of repatriates should be sent so as to arrive here ahead of the shipment. The list which the Finance people should have had has not arrived yet, but they paid on the certificates.

(4) Some arrangement should be made to allow these people to send at least one message back to Canada on arrival here. At present, there is no method by which civilians in Japan can send mail to Canada, and I received a great many requests for information on this point. If this is considered proper, I have no doubt arrangements at this end could be made for one letter to be sent through this Detachment.

(5) Most of the children were born in Canada and have never been in Japan. I received a good many enquiries from teenagers as to their status. I would suggest that they be told exactly what the position is before they leave, because I was unable to give them information on this point, not knowing what changes, if any, may have been made in the law recently.

O. ORR  
Lieutenant-Colonel

207.

DEA/3363-D-40

*Le sous-ministre du Travail au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Labour to Under-Secretary of State for External Affairs*

Ottawa, July 17, 1946

ATTENTION MR. GORDON ROBERTSON

We have already completed arrangements for the shipping of a third boatload of 1300 Japanese repatriates from Vancouver on the S.S. *General Meigs* (sailing date from Vancouver August 2nd) and have requested the Canadian Embassy, Washington, through you to clear this shipment with the U.S. State Department, Washington.

We have, at the present time, an additional 500 Japanese who desire to proceed to Japan under the same arrangements as soon as possible. Our administration at the coast are of the opinion that this number may be increased to at least 650.

Mr. T. B. Pickersgill, Commissioner of Japanese Placement at Vancouver, has been in touch with Mr. Stanford in charge of passenger accommodation, War Shipping Administration in San Francisco, who has assured him that

accommodation for at least 450 repatriates and possibly 200 more can be provided on a ship sailing out of San Francisco on September 14th at a rate of \$138.00 for adults with the standard reductions for children under 12 years of age. The rate for those in excess of the initial 450 on this boat will be \$184.00 with the same standard reductions for children under 12.

In view of the fact that this boat will carry a large number of first-class passengers for Australia, Mr. Stanford advises that the Japanese repatriates will have to be loaded at San Francisco. Apart from this ship, Mr. Stanford has no other shipping space in sight for these additional repatriates.

It is proposed that the group to be moved down to San Francisco will go down by train in bond and will be moved directly from the train to the ship. Mr. Stanford requests that confirmation of these arrangements be advised to him within the course of the next few days.

Would you be good enough to ask the Canadian Embassy, Washington, to advise the U.S. State Department immediately of the above arrangements and ask for their concurrence therein to be received during the current week if possible?

Our Liaison Officer in Japan reports that the rate of exchange at which U.S. dollars are being exchanged in Japanese yen is very inequitable in its effect on these repatriates as this rate of 15 yen to the U.S. dollar contrasts with the unofficial rate which apparently provides a much higher number of yen to the dollar.

May this situation be discussed by the Canadian Embassy with U.S. authorities with a view to ascertaining whether any change in the fixed exchange rate is under immediate consideration.

A. H. BROWN  
for the Deputy Minister

208.

DEA/3363-D-40

*Le premier officier, le Détachement de liaison pour les crimes de guerre,  
théâtre japonais, au secrétaire, le ministère de la Défense nationale*

*Officer-in-Charge, War Crimes Liaison Detachment, Japanese Theatre,  
to Secretary, Department of National Defence*

Tokyo, December 17, 1946

ATTENTION: WAR CRIMES INVESTIGATION SECTION  
JAPANESE REPATRIATES FROM CANADA. BAGGAGE OF SIEZO YONEMURA

For Department of Labour.

2. Reference unnumbered telegram† apparently dated 11 Dec regarding lost baggage. This wire is from the Department of National Defence, but no doubt had its origin in the Department of Labour.

3. A search has been made at Kurihama where the baggage was all stored for a short time, and this baggage is not there. It is likely that other friends going to the same district arranged to have the baggage sent to them. Inquiries are under way. Asajiro YOSHIOKA, the consignee mentioned, claims that he was told nothing about any of this baggage other than that he was the nominal consignee.

4. This man may consider himself very fortunate that he decided not to repatriate, and if he never recovers his baggage he will still be a great deal better off than those who have returned. In this connection I think that proper representation should be made to someone to protect any future repatriates from having the greater part of their money taken from them by either the American Government or the Japanese Government by way of the exchange and banking regulations, the plain fact of the matter being that the money with which the Japanese repatriate leaves Canada shrinks in transmission to a small fraction of its real value, then on top of this, all except 1,000 yen per head is placed in a frozen bank account by the Japanese Government, this latter expression meaning that while the depositor gets the bank book showing a credit, he cannot withdraw money except at a specified monthly rate, this specified monthly rate being considerably less than what is required to live on, and I am not sure whether they are allowed to draw it out in addition to any money they may be earning.

5. I occasionally come in contact with some of these repatriates, and also hear from them by letter. A great many of them are having a hard time to get enough food, others have been fortunate enough to get employment with the army of occupation, etc., but even their employment does not help much because they are only permitted to draw a certain part of their salary in cash, the rest is taken into frozen bank accounts again. As the Japanese have already had one experience with these so-called "frozen bank accounts" they now refrain from using banks any more than they can help.

6. While it may be said that what happens to the repatriate after he comes to this country is no concern of the Canadian Government, my understanding is that many of the minors are Canadian citizens and from what they say have every intention of maintaining this right in the future if the opportunity permits. Secondly, it would seem that at the present time Canadian funds are being used to subsidize either the U.S. or Japanese Governments. One fact is outstanding, namely that a greater part of the money that leaves Canada does not in effect benefit the repatriate.

7. While this is strictly not a military matter, I have been in somewhat close touch with the people, and know many of them personally in fact just received a letter from a former employee, telling of the difficulties in obtaining food, etc, and I think the information should be passed along.

O. ORR  
Lieutenant-Colonel

## PARTIE 5 / PART 5

## SECOURS POUR LES CANADIENS AU JAPON

## RELIEF FOR CANADIANS IN JAPAN

209.

DEA/7648-40

*Mémorandum du ministère des Affaires extérieures**Memorandum by Department of External Affairs*

[Ottawa,] February 20, 1946

## MEMORANDUM ON RELIEF OF CANADIAN NATIONALS IN JAPAN

All Canadian nationals on the approved list who are still remaining in Japan are members of Catholic Missions. They are all residing in towns in which they intend to continue their religious duties. In those cases where the buildings were intact but occupied by the Japanese during the war, they are now again in possession. To my knowledge all have adequate housing facilities; in the case of Sendai (one orphanage) and Nagasaki (hospital) they are anxious to rebuild their former mission buildings.

The greatest problem facing these Canadians in Japan is securing adequate food, clothing and fuel. It has been the policy of the United States Army to insist that the Japanese Government give an additional ration to Allied nationals residing in Japan which, if it could be fully secured, would give each adult 2400 calories a day. In actual practice, however, the local Japanese supplies cannot provide the necessary foodstuffs. In some cases such provisions can only be purchased on the black market. Consequently it is desirable that those who may have to supplement their ordinary rations by purchases on the black market should possess a considerable amount of money. As most of the missionaries had their funds frozen during the war they are now able to draw on these funds for current expenses, but it is obvious that unless they can secure considerable amounts from their home mission, their present financial resources may prove inadequate. Since it might take some time before the flow of foreign exchange to Japan can be arranged, I requested the United States Army to make available to me, or any accredited Canadian representative, Japanese funds for distribution to Canadians in need of cash relief. This request was granted but only shortly before my departure. Accordingly, in the absence of any Canadian representative, those funds will not be available to Canadians.

However, I requested the Swiss Legation to furnish such relief as they were permitted (up to Y300 a month) in case of application by a Canadian. After March 1, however, the Swiss will drop all their foreign representing duties, and in the interim period, until the arrival of a Canadian representative, it may be necessary to request the British Foreign Office representatives in Tokyo to disburse cash relief to needy Canadians. Before my departure only one Canadian Brother, Omer Ruel of Sendai, requested relief. Since

his request came before permission to draw upon yen provided by the United States Army was made available, I directed him with a note of recommendation to the Swiss Legation. The Swiss agreed to pay him the amount of Y300 until his departure in the early months of this year.

When the Swiss close up their foreign interest section they will turn over all files and lists of approved Canadians to the British representative in the absence of a Canadian official. Thus in the case of any Canadian applying for relief it can quickly be ascertained if he is a Canadian national.

It is recommended, however, that since no specific arrangements regarding relief were made with the British before my departure, a telegram be despatched requesting the competent authorities in Tokyo to disburse such relief as may be necessary until the arrival of a Canadian representative.

E. H. N[ORMAN]

210.

DEA/7648-40

*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 261

Ottawa, March 6, 1946

Sir,

I should be grateful if you would ask the British Embassy to transmit a message from us to the Foreign Office Representative in Tokyo relating to relief to Canadian civilians in Japan. (I might say that we recently asked Canada House to ask the Foreign Office for advice on the best method of sending communications from the Department of External Affairs to the Foreign Office Representative in Tokyo, and the Foreign Office suggested that our best course would be to work through the British Embassy in Washington). The Foreign Office said that its chief representative in Tokyo is Mr. D. F. MacDermot, the head of the political side of the United Kingdom Liaison Mission in Japan.

Mr. Norman of this Department, who recently returned from Japan, reports that the Canadian missionaries who have remained in Japan will probably need cash relief when their existing supply of money is used up. This money was blocked during the war by the Japanese Government but was made available to the Canadians after the Japanese surrender. During the period of hostilities the Canadians received cash relief from the Protecting Power.

Enclosed are three copies of a list of 59 Canadian missionaries remaining in Japan.† Apart from the missionaries, there are only two Canadian civilians in Japan and we have no reason to think that they will require assistance.

We would appreciate it if this list of Canadian missionaries could be sent to the Foreign Office Representative in Tokyo and if he could be asked to give them cash relief if and when they ask for it. The relief should be

limited to money required for subsistence i.e., we do not authorize the payment of relief for the purpose of rebuilding damaged monasteries or for any purpose not directly connected with subsistence.

We assume that the accounts and vouchers for such relief will reach us eventually through the Foreign Office. In view of the fact that there is bound to be a long delay before the accounts and vouchers reach us, it would be appreciated if the Foreign Office Representative would, every two months, address to the Department of External Affairs a brief informal report on the relief situation.

We do not know when it may become possible for the Missionary Orders in Canada to send funds to their members in Japan through banking channels. As soon as that time comes the authorization for the granting of relief will lapse. We will at that time inform the Foreign Office Representative that the authorization is at an end.

I have etc.

**N. A. ROBERTSON**  
for the Secretary of State  
for External Affairs

CHAPITRE IV / CHAPTER IV  
IMMIGRANTS ET RÉFUGIÉS  
IMMIGRANTS AND REFUGEES

PARTIE 1/PART 1  
GÉNÉRALITÉS/GENERAL

211.

CH/Vol. 2112

*Mémorandum de la deuxième direction politique<sup>1</sup>*

*Memorandum by Second Political Division<sup>1</sup>*

CONFIDENTIAL

Ottawa, January 3, 1946

The attention of the Canadian authorities is repeatedly directed towards the problem of refugees not only by the natural concern Canadians may feel for the thousands of people made exiles by the war and its aftermath, but also by representations which come from two quarters. One of these consists of the international organizations charged with the care of refugees, and in particular the Displaced Persons Bureau of UNRRA and the Intergovernmental Committee on Refugees. The other direction from which representations on behalf of refugees proceed is within Canada. It comprises the numerous foreign language organizations and residents of foreign origin who are seeking asylum for associates and relatives who for various reasons cannot return to their homes in Europe.

Concrete proposals for immigration to Canada have not yet been made on a significant scale in either case. The Displaced Persons Bureau of UNRRA is not yet in a position to indicate the number of people within its charge who cannot be returned to their place of origin. Neither has the Intergovernmental Committee on Refugees raised the question of immigration with any insistence. This Committee is concerned with a problem that is still limited in extent, and that had its origin largely in the anti-Semitic persecutions of the pre-war years and of the early war period when escape from Europe was still possible. As soon, however, as a group of permanent exiles begins to emerge from the mass of displaced persons in Europe and transportation across the Atlantic becomes available for civilian passengers, the question of finding homes for refugees in the American hemisphere will almost certainly confront Canadian representatives on international humanitarian bodies. It is also probable that, when these circumstances prevail, members of the foreign language groups in Canada, who have so far concerned themselves

<sup>1</sup> De R. G. Riddell.

<sup>1</sup> By R. G. Riddell.

largely with the problem of relief for displaced persons, will begin to ask permission to bring large numbers of their friends and relatives to Canada. Some representations have already been received to this effect.

It is difficult at this time to foresee the problem which will eventually be created by permanent refugees in Europe, but there are already clear indications that certain groups will have to be provided with new homes. Ukrainians and Poles are the most numerous of these, and each group may comprise several hundred thousand persons who will refuse to return to their place of origin in Eastern Europe. Amongst the Poles, former members of the Polish army in the west and servants of the former Polish Government in London will have a special claim to consideration. To these must be added an unknown number of Mennonites from the German colonies in the U.S.S.R. who escaped when these communities were disbanded and who are the concern of the strong Mennonite groups on the American continent. It is also possible that some of the Germans who are being forced to leave former German territories in Eastern Europe will seek refuge on this continent, and inquiries have already been received concerning the feasibility of allowing further groups of Sudeten Germans to join the Sudeten colonies recently established in Canada. There will also be groups of political refugees who fled from the totalitarian governments of central Europe in pre-war years and who have not yet found permanent homes. Finally, there will be a new group of political refugees created by the major political changes which are now taking place in South-eastern Europe. These will be Roumanians, Yugoslavs, Bulgarians and perhaps even Greeks, many of whom will have some claim on the sympathy of the western allies because of assistance given during the war, and who are unable to live under the jurisdiction of the new governments in their homelands.

As soon as any effort is made to provide new homes for these refugees, the further problem will emerge of distinguishing between the genuine political refugee and the political agitator who may have laid himself open to the charge of treachery by collaborating with the enemy during the war. Representations have already been received in Ottawa on behalf of a group of Ukrainian refugees including such Ukrainian nationalist leaders as Skoropadsky and Melnik, who operated from Germany and apparently under German auspices in the pre-war years. These men are regarded, with some justification, as traitors and war criminals by the Ukrainian Soviet Socialist Republic. There must be numerous other persons, amongst the thousands of Ukrainians, Poles, Yugoslavs and others who found themselves in Central Europe either on the outbreak of war or during the period of German domination of the continent, who have similarly compromised their status as refugees by co-operating with the enemy. Extending the right of asylum to include these people, especially if they desire to continue their political activities to their new homes, might have highly undesirable consequences.

At present, the Canadian Government has made only minor relaxations in its immigration regulations as a consequence of the problem of refugees. In

the case of Poles, for example, it has been decided that any member of the Polish armed forces who was a resident of Canada or who is married to a Canadian may be admitted to Canada. Entry will also be given to members of the Polish diplomatic corps who have some special connections with this country, and those now here will not be forced to leave. Permanent landing has also been given to some 3,500 refugees who were admitted to Canada during the war, and this group includes a considerable number of Poles and German Jews. It is the policy of the Canadian Government, however, as stated by the Minister of Mines and Resources in the House of Commons, to defer the consideration of renewed immigration until conditions of employment amongst returned Canadian servicemen in the post-war period have been determined.<sup>1</sup>

212.

DEA/939-40

*Rapport préliminaire du Comité interministériel sur la politique  
d'immigration au Comité du Cabinet sur l'immigration*

*Preliminary Report of Interdepartmental Committee on Immigration Policy  
to the Cabinet Committee on Immigration*

CONFIDENTIAL

Ottawa, April 4, 1946

1. The interdepartmental Committee appointed on March 21st by the Cabinet Committee on Immigration has made a brief review of some of the problems presented by the applications for permission to enter Canada which are now being made by thousands of prospective immigrants. Many of these applications have been received from British subjects in the United Kingdom who are eligible to come to Canada under existing regulations. These persons would now be able to enter Canada if shipping space could be secured and if other arrangements, such as permission to transfer funds, could be satisfactorily completed. Other applicants are people of continental origin who are either displaced persons or refugees or who are anxious to leave their homes because of the unsatisfactory nature of post-war conditions. A new element of importance amongst the prospective immigrants is the greatly increased group of people with technical or professional training, or with business experience, who would normally make a livelihood in commerce and industry rather than in agriculture. Many of these applicants wish to bring substantial funds with them to this continent, although restrictions on capital movements will make this difficult for some time to come.

2. The Committee is of the opinion that it would be desirable, in present circumstances, to permit somewhat increased movement of immigrants to Canada in the post-war period and that a policy governing the selection of desirable immigrants should be formulated as soon as possible. There are

<sup>1</sup> Voir Canada, *Débats, Chambre des Communes*, 1945, vol. 3, p. 3614.

<sup>1</sup> See Canada, *Debates, House of Commons*, 1945, vol. 3, p. 3537.

however, certain factors which will prevent any early large scale movement of people. It is still difficult for the ordinary traveller to obtain shipping space and it is improbable that any large number of immigrants could find passage across the Atlantic within the next eighteen months. The unsettled condition of the continent will also hinder the re-establishment in a short time, of an expanded immigration service capable of handling large numbers of applicants. It is the view of the Committee, therefore, that two immediate steps might be considered in the light of the current situation. The first is the adoption as a short-term measure, of revisions in the present immigration regulations, in order to provide for the admission to Canada of such approved persons as it seems possible to transport and receive within the next eighteen months. These suggested revisions, which are outlined in paragraph 4 below have been formulated with a view to admitting immigrants who could be both maintained and provided with housing by relatives in Canada. The revisions have also been formulated with a view to going some way to meet the pressing demands which are being made for the admission to Canada of persons who are refugees or displaced persons. The movement contemplated would not consist entirely of refugees; it would, however, permit the entry of a certain number of approved immigrants whose relatives in Canada are anxious to provide them with homes.

3. It is the opinion of the Committee further that, while this short-term immigration policy is in effect, the opportunity should be taken to make a thorough examination of the general question of immigration with a view to determining policy. It is not thought that a policy for the long-term period should be formulated without the most careful scrutiny of previous experience, both in Canada and in other countries. Consideration should also be given to the effect on immigration and emigration policies of recent changes in social and economic conditions.

4. The Committee therefore makes the following recommendations:

A. That the following changes be made in existing regulations:

1. That the occupational regulation (P.C. 695 of March 21, 1921 as amended) be further amended to provide for the admission of the following additional classes:

(a) The father or mother, the unmarried son or daughter, eighteen years of age or over, the unmarried brother or sister, the orphan nephew or niece under sixteen years of age, of any person legally admitted to and resident in Canada, who is in a position to receive and care for such relative.

The term "Orphan" as used in this clause means a child bereaved of both parents.

(b) A person entering Canada with sufficient capital to establish an essential industry.

B. An inquiry into immigration policy should be immediately authorized, to be made by some agency of Government especially commissioned for the

purpose and provided with the necessary resources to undertake a thorough study. A report on this subject with suitable recommendations should be prepared within the next twelve months.

Some of the questions to which consideration might be given in the course of an inquiry of this nature would be:

(i) The quota system and the possible advantages of applying this method of selection in Canada, with particular reference to the problem of oriental immigration.

(ii) The long-term effect of immigration on population levels.

(iii) The extent to which large scale movements of population may be affected by world economic expansion.

(iv) The relation of immigration policy to employment policy.

(v) The basis of selecting immigrants in the past and the effect of these policies in practice. The methods of selection to be adopted.

(vi) The position under Canadian social security provisions of prospective immigrants and the feasibility of working out arrangements for the transfer from one country to the other of an individual's acquired social security benefits.

(vii) The character of the immigration service necessary for carrying out a revised policy.

M. G. GLASSCO

213.

DEA/239-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] April 12, 1946

The report from the Interdepartmental Committee on Immigration Policy, which Mr. Glen will be submitting to Cabinet shortly, recommends two or three immediate amendments in the Immigration Regulations, and suggests that the larger questions of policy require a good deal of study before considered proposals can be put up to the Government.

The report recommends that first degree relatives, i.e., fathers and mothers, brothers, sisters and children of persons already established in Canada, who are in a position to give them shelter and support, should be eligible for admission. This, I think, is a wise and humane provision, which might relieve a good many hard cases of actual suffering during the next year or two.

I doubt, however, whether it should be coupled with the next recommendation, which provides for the admission of persons "with sufficient capital to establish an essential industry". There is provision under the present law

for dealing with such applicants by Order in Council if, on investigation, an economic case appears to be made out for their admission. I think it might be a mistake to amend the Immigration Regulations at this time to take care specifically of this class of possible immigrants, when so many needy and deserving people will have to be turned down.

214.

DEA/939-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] May 9, 1946

## IMMIGRATION POLICY

At the meeting of the Cabinet on May 9th, the Minister of Mines and Resources submitted a report of the Cabinet Committee.<sup>1</sup>

Mr. Glen went on to point out that acceptance of the Committee's recommendations would involve the re-establishment of certain offices in Europe. It had also been suggested that the R.C.M. Police should investigate the records and backgrounds of applicants.

After discussion, the Cabinet approved the recommendations submitted by the Minister on behalf of the Cabinet Committee, with the exception of that relating to the entry of persons having sufficient capital to establish essential industries, and agreed that the regulations be amended accordingly, it being understood that review of long term immigration policy would be undertaken under the auspices of the Cabinet Committee, as recommended.

R[OBERTSON]

215.

CH/Vol. 2103

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

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

DESPATCH 1155

Ottawa, July 3, 1946

Sir,

I refer to your despatch No. A.237 of April 5† and subsequent correspondence† concerning a scheme suggested by Lieut.-Colonel R. Morris Wilson of UNRRA for the transfer of displaced persons from Europe to Canada.

<sup>1</sup> Voir la déclaration du ministre des Mines et des Ressources sur la politique d'immigration dans Canada, *Débats, Chambre des communes*, 1946, Vol. 2, pp. 1999-2000.

<sup>1</sup> See statement of Minister of Mines and Resources on immigration policy in Canada, *Debates, House of Commons*, 1946, Vol. 2, pp. 1978-1979.

2. The Canadian Government has recently received many suggestions concerning the possibility of immigration to Canada of similar groups of displaced Europeans. However at the present date no final decision has yet been taken concerning Canadian policy towards the admission of refugees or displaced persons. The only information which can be given at this stage concerns the two recent changes in Canadian immigration regulations which were effected by Orders-in-Council P.C. 2070 and P.C. 2071 of May 28 (see my circular telegram of June 3 and my circular despatch of June 13).†

3. In replying to Colonel Wilson, you should emphasize that the Canadian Government regards the problem of the settlement of displaced persons as being so widespread that it can only be dealt with effectively by joint international action. With this end in view Canada has participated actively in recent discussions which have been called by the United Nations to consider the general question of refugees and displaced persons.

I have etc.

R. G. RIDDELL  
for the Secretary of State  
for External Affairs

216.

DEA/50028-BD-40

*Le directeur par intérim de l'Immigration, le ministre des Mines  
et des Ressources, au sous-secrétaire d'État aux Affaires extérieures*  
*Acting Director of Immigration, Department of Mines and Resources,  
to Under-Secretary of State for External Affairs*

Ottawa, September 13, 1946

ATTENTION: MR. N. A. ROBERTSON

In the absence of Mr. Jolliffe I wish to acknowledge receipt of your confidential letter of September 11† in connection with the request of the United Kingdom authorities to admit to Canada [.....]<sup>1</sup> who was employed by the United Kingdom authorities during the war in confidential and dangerous work relating to military operations and who now finds himself in a precarious position owing to complications which have arisen with the Soviet authorities.

Whilst we would like to meet the request of the United Kingdom authorities, I do not believe than an exception could be made on his behalf when we are receiving daily requests for the relaxation of our laws from others who allegedly are in danger, all of which we have been called upon to refuse.

I am sorry my decision cannot be more favourable.

C. E. S. SMITH

<sup>1</sup> Nom exclu.

<sup>1</sup> Name omitted.

PARTIE 2/PART 2  
LES BALTES/BALTS

217.

DEA/5127-C-40

*Le président, le groupe d'initiative pour l'émigration au Canada  
des Allemands baltes de l'Estonie, de la Lettonie  
et de la Lituanie, au gouvernement du Canada*

*President, Initiative Group for the Emigration to Canada of Baltic-Germans  
from Estonia, Latvia and Lithuania, to Government of Canada*

Königstein, January 5, 1946

Dear Sirs,

As representatives of the Baltic-German group of the inhabitants of the former independent states Estonia, Latvia and Lithuania we apply to you with the request to permit our emigration to your country and our colonization there. In the years 1939-1940 we left on Germany's invitation our native country which had already been inhabited by our ancestors for 700 years and emigrated to Germany in order to contribute on our part to the peace among nations in the East of Europe.

Our people which is of German-Danish-Swedish-Norwegian-Finnish-Russian origin, living at the borders, has suffered much in the course of his long history through continuous wars amongst neighbouring Great Powers, but in spite of this we have preserved our culture and nationality.

Through great activity and vitality we succeeded to overcome all difficulties. We belonged to the richest of the Nordic-German nations.

In the years 1939-1940 about 120,000 Baltic-Germans emigrated to Germany. They had to transfer to the German state the right to dispose of their property, as fixtures, factories, estates and other values, for which they had to be indemnified advantageously in Germany. The German State on his part has made arrangements with the governments of the Baltic States and with Russia for the settlement of the accounts for the properties of the emigrants.

The properties left by us in the Baltic States, for which Germany is responsible, amounts to about 300,000,000 dollars. We want to transfer to your Government all our claims to Germany on the basis of this arrangement for the purpose to ensure the final settlement with Germany.

We trust that meantime it will be possible with your mediation to finance the emigration and the colonization in Canada through an English-American Bank.

We presume that about 80,000-90,000 Baltic-Germans will have survived this war and will be willing to emigrate.

Among us being representatives of all professions from the university professor and manufacturer to the workman and farmer, we think that our

colonization and the building up of our new existence in Canada would be an extensive one embracing all branches of business.

The organization of the works with regard to the cultural and economical sections will be guided and promoted by ourselves in accordance with the needs of our people.

We beg to point out that all of us shall be responsible for the credits obtained in Canada for our colonization. The amounts obtained from Germany shall be credited to these accounts and shall serve as securities.

Our idea is that the colonization would be a closed one, i.e. round several small towns which should be erected 5,000-6,000 farms would be founded. For this purpose we need good, for agricultural purposes suitable soil, if possible near railways, waterways a.s.o.

The colonization should be organized with the help of Canadian firms and with our own forces. All shall be arranged in accordance with the demands of the present time by means of mutual help.

In the beginning the emigrants should be placed in great barracks if possible in the vicinity of the territory allotted for the colonization, where they should be nourished in community.

In case you should agree to this scheme we should like to hear on what help we could count on the part of your Government, particularly as to the allotment of ground, building of roads, traffic, electrification, for the colonization in towns: calculation of the amount of ground for the constructions in the small towns which should be erected, taxes and duties.

We are interested to become soon subjects of Canada and we beg to request, in case an emigration should be at all possible, to take us already in Germany under your protection and to give us corresponding passports which would serve as an authorization for the emigration.

In completion we beg to say that until the years 1939-1940 we have been subjects of Estonia, Latvia and Lithuania and since 1940-1941 we have become subjects of Germany.

We are etc.

W. SCHROEDER

218.

DEA/5127-C-40

*Le directeur de l'Immigration, le ministère des Mines et des Ressources,  
au sous-secrétaire d'État aux Affaires extérieures*

*Director of Immigration, Department of Mines and Resources  
to Under-Secretary of State for External Affairs*

Ottawa, May 3, 1946

I have your letter of the 25th ultimo† enclosing copy of Despatch No. 43,† dated March 18th from the Consular Section of the Canadian Military Mis-

sion in Germany with a petition from representatives from the inhabitants of the former states of Estonia, Latvia and Lithuania regarding immigration to Canada.

The proposal is that Canada admit from 80,000 to 90,000 Balts who were transferred to Germany in 1939, the Government to acquire for them 5000 to 6000 farms with equipment, providing all the requirements for an extensive self-contained colony, the immigrants to cede to the Government of Canada their right to reparations from Germany in the value of properties transferred to the German State in 1939-1940.

The Balt problem is so involved and presents so many difficulties that it would seem its solution can only be sought by international action. In our opinion, the plan submitted is altogether impractical. From a settlement point of view the creating in Canada of a compact colony of the magnitude proposed would be inimical to this country's development. Further, the heavy financial commitments that would have to be undertaken would, we believe, rule out any possibility of approval being granted.

A. L. JOLLIFFE

PARTIE 3 / PART 3

PERSONNES DÉPLACÉES/DISPLACED PERSONS

219.

DEA/47-B

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures  
au Premier ministre par intérim<sup>1</sup>*

*Memorandum from Acting Under-Secretary of State for External Affairs  
to Acting Prime Minister<sup>1</sup>*

TOP SECRET

[Ottawa,] July 26, 1946

The United Kingdom High Commissioner, on urgent instructions from his Government, left with me today the attached Aide-Mémoire concerning action desired to deal with the problem of displaced persons in Europe, and particularly of Jews. Towards the end of this document the hope is expressed that the Canadian Government will take the following steps:

(a) To co-operate fully in securing a satisfactory international agreement on the general problem of displaced persons;

(b) To make a declaration in this sense before the end of July including, if possible, an offer to accept a specified number of displaced persons.

I told Clutterbuck that it was obvious from the record with respect to (a) that we were co-operating fully, pointing out the position which the Canadian representatives had consistently taken at the General Assembly in London, the Sub-Committee on Refugees and the Economic and Social Council. I indicated that a further general statement of our intention to co-operate

<sup>1</sup> L. S. St. Laurent.

seemed hardly required in the circumstances, since I was sure we would continue to take the same line at the next meeting of the General Assembly and the further international discussions before then.

With respect to (b) I said that, while I could appreciate that a statement of readiness to accept a round number of refugees for permanent residence had a dramatic public effect, it seemed to me from past experience that such declarations often turned out in the long run to bring smaller results than changes in Immigration regulations. We had recently considerably widened the scope of our Immigration regulations largely with an eye to admitting to Canada displaced persons from Europe who had relatives here, and while it was hard to dramatize such a change it would undoubtedly involve, as transportation became available, the movement of thousands of individuals, many of whom come within the description of displaced persons. I added that, under our Immigration system, it was difficult, if not impossible, for us to announce that we would receive a specified number of refugees within a given time. In any event it seemed clearly out of the question for us to make any such announcement before the end of July, especially as you had just made public the decision to admit four thousand men from the Polish Forces. I suggested that he should draw the attention of his Government to the recent alteration in our Immigration regulations.

We shall have to give some reply in writing to this approach and we are proceeding to discuss the matter with the Immigration Branch. I am sending a copy of the enclosure and of this note to Mr. Glen, for his information.<sup>1</sup>

H. W[RONG]

[PIÈCE JOINTE/ENCLOSURE]

*Aide-mémoire du gouvernement de Grande-Bretagne  
au gouvernement du Canada*

*Aide-mémoire from Government of Great Britain  
to Government of Canada*

TOP SECRET

July 26, 1946

As the Canadian Government is aware, the United Kingdom Government has been engaged in discussion with United States representatives on the subject of the recent report of the Anglo-U.S. Committee which recommended inter alia the immediate admission of 100,000 Jews into Palestine.

It seems essential, if Arab opposition to any such plan for dealing with Jews who desire to leave Europe is to be overcome—

(1) that this particular proposal should be treated, not in isolation but as part of the main problem of dealing with displaced persons and refugees in Europe;

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

I think reply along lines of verbal one would be in order. St. L[AURENT]

(2) that it should be made clear that other contributions are being made towards the solution of that problem.

Further, on humanitarian grounds, in the interests of efficient administration in ex-enemy territories and on account of the political difficulties which arise from the presence of displaced persons in the occupied zones in Europe, it is most desirable that the numbers of displaced persons should be reduced as rapidly as possible.

It stands out accordingly that the first objective should be to create in Europe conditions which are such that a substantial number of the displaced persons can be resettled in circumstances enabling them to live free from discrimination and oppression. It is recognized, however, that whatever steps can be taken to this end, there will still remain a substantial number of persons for whom it will be necessary to provide outside Europe. The Governments of the United Kingdom and the United States intend to continue their efforts in the negotiations they are now conducting within the framework of the United Nations to promote the establishment of an international organisation which will be able to deal effectively with the whole problem. But creation of this machinery is bound to take time and meanwhile it is important to proceed at once with measures designed to aid the re-settlement of displaced persons, including Jews, overseas.

The main elements of the plan in mind are as follows:

(a) It is proposed in the first place that the strongest possible support should be given to the appeal which is to be made to the United Nations at the forthcoming general assembly calling upon all member Governments to consider what contribution they can make by receiving in territories under their control a proportion of the displaced persons in Europe, including the Jews.

(b) The United Kingdom Government has already accepted a substantial commitment in promoting the re-settlement of Polish troops unwilling to return to Poland, the number involved being about 228,000 apart from civilians.

(c) As regards the United States, under existing quotas over 150,000 European immigrants can be admitted for permanent residence each year. Entry is also available to substantial additional numbers in classes exempt from quota restrictions. The total of the quotas from European countries from which the majority of displaced persons originate and of the average number of non-quota immigrants from these same countries, is some 53,000 each year, and it is assumed that in the next few years the majority of the immigrants will be Jews and other displaced persons. In addition it is understood that the United States Administration are prepared to seek the approval of Congress for special legislation for the entry into the United States of 50,000 displaced persons including Jews.

(d) Pending the establishment of an international organisation for dealing with refugees, the Governments of the United Kingdom and the United States

will continue to explore through the agency of the Inter-Governmental Committee on Refugees the possibility of securing admission of displaced persons to other countries and will promote such settlement as far as practicable. Active consideration is already being given to a concrete proposal relating to Brazil and similar proposals relating to other South American countries are being explored.

It will clearly be of first importance for the success of this plan that other countries should also be prepared to make their contribution. In bringing this matter, therefore, to the notice of the Canadian Government, the United Kingdom Government would wish to stress the importance which it attaches, particularly from the point of view of dealing with the Palestine problem, to securing a satisfactory international agreement on the general problem of displaced persons, and to express the hope that in view of the great value which would be derived from co-operative action in this matter the Canadian Government will be willing to take similar positive steps and to adopt also a sympathetic attitude towards this question when it comes before the General Assembly of the United Nations. It would be of very great assistance if a declaration on the part of Canada in this sense could be made before the end of this month, especially if such a declaration could contain a definite offer to accept a specified number of displaced persons (including Jews). The United Kingdom Government greatly appreciates the recent action of the Canadian Government in agreeing to accept conditionally the admission of 4,000 Poles to Canada, but it very much hopes that some further contribution on the part of Canada towards the solution of the problem of displaced persons in Europe, including Jews, may be found practicable.

220.

DEA/47-B

*Le ministre des Mines et des Ressources au sous-secrétaire d'État  
par intérim aux Affaires extérieures*

*Minister of Mines and Resources to Acting Under-Secretary of State  
for External Affairs*

TOP SECRET

Ottawa, July 27, 1946

Dear Mr. Wrong,

I have your letter of the 26th instant† enclosing a copy of a note you are sending to the Acting Prime Minister, with memorandum dealing with Canadian policy relating to displaced persons.<sup>1</sup> I examined these papers with Mr. Jolliffe this morning and we are in complete agreement with the views which you transmitted to the United Kingdom High Commissioner, as expressed in your memorandum to Mr. St. Laurent.

<sup>1</sup> Voir le document précédent.

<sup>1</sup> See preceding document.

We are very definitely of the opinion that the steps already taken, i.e., the recent widening of our Immigration Regulations and the agreement to take 4000 Poles, should be considered as both a positive step and an indication of Canada's willingness to cooperate in finding a solution to the problem of displaced persons and that any further individual offer while possibly having a publicity value would not influence the securing of a satisfactory international agreement.

It is my view that Canada should now only take action with regard to displaced persons in conjunction with the other United Nations following international agreement on the general problem.

Yours sincerely,

J. ALLISON GLEN

221.

DEA/47-B

*Mémoire du sous-secrétaire d'État par intérim aux Affaires extérieures  
au Premier ministre par intérim*

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

TOP SECRET

[Ottawa,] July 29, 1946

The United Kingdom High Commissioner left with me the attached letter and draft announcement† which he has addressed to you on instructions from London and which conveys the welcome news that the United States and United Kingdom Governments have reached agreement on the means to give effect to the recommendations of the Anglo-United States Committee on Palestine. A full statement of the Agreement is included in the draft announcement. The basic provisions are the separation of Palestine into an Arab province and a Jewish province, a district of Jerusalem and a district of the Negeb, which is now almost uninhabited but may be susceptible to development. The United States will undertake considerable financial responsibilities for the economic development of the Arab province and the States of the Arab League. Palestine will have a variety of federal governments with a fairly wide measure of provincial self-government extended to both the Jewish and Arab provinces. Jewish immigrants to the number of 100,000 will be admitted as soon as possible to the Jewish province, the cost of transport and initial maintenance to be borne by the United States.

In a covering letter the hope is expressed that the Canadian Government will support the policy outlined in the statement, and will indicate publicly its readiness to do so. Our support of course is particularly required in connection with the general plans referred to in paragraphs 2, 3 and 4 for dealing with the problems of displaced persons. This approach is therefore a follow-up of the memorandum which I sent you two or three days ago, and in a sense it supersedes the earlier memorandum. You will notice certain

changes made in pencil in paragraph 4 of the draft announcement. I pointed out to Sir Alexander<sup>1</sup> that the language proposed seemed to imply that Dominion Governments, including Canada, had not been doing their duty and were being specially singled out as the objects of an appeal to join in concerted action. He agreed with this view and is telegraphing London suggesting modifications which I proposed.

It is likely in any case that questions will be asked in the House following the announcement in London and even if these are not, it would seem reasonable that the Government should give some indication of support for the proposal. I am having a draft† prepared in the Department which I shall submit to you in a day or two. If an announcement is made here, it might be timed for Thursday or Friday of this week. I am also having prepared a brief background note on developments in Palestine during the last year or so, which I shall send to you shortly. Will you let me know if you wish to raise the matter in Cabinet so that I may inform the Cabinet secretariat?

H. W[RONG]

[PIÈCE JOINTE/ENCLOSURE]

*Le haut commissaire de Grande-Bretagne au Premier ministre par intérim*  
*High Commissioner of Great Britain to Acting Prime Minister*

IMMEDIATE. TOP SECRET

[Ottawa,] July 29, 1946

Dear Acting Prime Minister,

As you know, the Anglo-U.S. Committee which was appointed to enquire into the problems of European Jewry and Palestine made its report to the United Kingdom and United States Governments at the end of April, and the recommendations contained in the report have since been under close examination by representatives of the two Governments.

Agreement has now been reached between the U.K. and U.S. Governments as to the best means of giving effect to the Committee's recommendations, and I have been asked to communicate to you, for your very secret information, the enclosed draft of a comprehensive statement† on this subject which, subject to the final approval of the two Governments, it is proposed should be made in the House of Commons, probably on Wednesday next, the 31st July. It is contemplated that President Truman would make a similar statement in Washington on behalf of the U.S. Government at the same time.

I have been asked, in communicating the draft statement to you, to express the earnest hope of my Government that they may rely upon the support of the Canadian Government in pursuing the policy outlined in the statement,

<sup>1</sup> Sir Alexander Clutterbuck

and to add that they would greatly welcome any public intimation of support which the Canadian Government may feel able to give when the announcements in London and Washington have been made.

It would be appreciated if in the meantime the contents of the draft statement could be treated with the highest degree of secrecy.

Yours sincerely,

P. A. C[LUTTERBUCK]

222.

DEA/47-B

*Mémoire du sous-secrétaire d'État par intérim aux Affaires extérieures  
au Premier ministre par intérim*

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

SECRET

[Ottawa,] August 5, 1946

The question of Palestine will almost certainly be raised in the House before the end of the session, particularly if President Truman agrees to accept the recommendations of the Anglo-American Cabinet Committee which were provisionally accepted on behalf of the British Government by Mr. Herbert Morrison<sup>1</sup> in his speech in the House of Commons on July 31st. The delay in making clear the attitude of the United States Government has made it unnecessary as yet for us to reply to the memorandum given by Sir Alexander Clutterbuck on July 26th and to his letter to you of July 29th, asking for a public declaration of support from the Canadian Government. I think, however, that it might be well to make clear very shortly to the United Kingdom authorities our unwillingness to make a definite offer to accept a specified number of displaced persons. Both you and Mr. Glen have agreed with the line which I took verbally with the United Kingdom High Commissioner when he put the proposal to me. If we give him something in writing, it may discourage them in London from repeating this sort of pressure, and lead to a better understanding of the possibilities here. I am therefore having an answer prepared.<sup>2</sup>

With regard to the future of Palestine, we can wait to see what comes out of Washington before deciding what action we must take. I have had prepared in the Department a background memorandum, which includes a good deal of secret information, and I am attaching a copy of this.† It is, I think, a useful summary of the stages whereby the present difficult and dangerous situation has arisen.

H. W[RONG]

<sup>1</sup> Lord président du Conseil, leader de la Chambre des communes, Grande-Bretagne.

<sup>2</sup> Voir le document suivant.

<sup>1</sup> Lord President of the Council, Leader of the House of Commons, Great Britain.

<sup>2</sup> See following document.

223.

DEA/47-B

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au ministre des Mines et des Ressources*

*Acting Under-Secretary of State for External Affairs  
to Minister of Mines and Resources*

SECRET

Ottawa, August 19, 1946

Dear Mr. Glen,

I am enclosing a copy of an aide-mémoire which I have handed today to the United Kingdom High Commissioner in reply to his aide-mémoire of July 26th, concerning policy with respect to displaced persons. Our answer embodies the position adopted when the matter was discussed in the Cabinet Committee on immigration the other day. You will note that it commits the Canadian Government to nothing except to continue the policy which we have followed for some time of working for the establishment of effective international machinery to deal with the problems of displaced persons and refugees.

The main purpose of giving an answer to the United Kingdom proposals was to let them know well in advance of the meetings of the Economic and Social Council and the General Assembly that it was most unlikely that we would fall in with the idea of attempting a "solution" of the problems of refugees through persuading countries to agree in advance to accept definite quotas.

Yours sincerely,

H. H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

*Aide-mémoire du gouvernement du Canada  
au gouvernement de Grande-Bretagne*

*Aide-mémoire from Government of Canada to Government of Great Britain*

SECRET

[Ottawa,] August 19, 1946

Consideration has been given to the aide-mémoire of July 26, 1946, setting forth the views of the United Kingdom Government on the steps which should be taken to deal with the settlement of displaced persons, with particular reference to methods whereby Arab opposition to the admission of further Jews to Palestine might be overcome. Note has also been taken of the extended reference to this problem which was made by the Rt. Hon. Herbert Morrison in the House of Commons in London on July 31st in the course of his statement on Palestine.

In the aide-mémoire of July 26th, it was suggested that it would be of great assistance if a declaration on the part of Canada could be made immediately, setting forth the intention of the Canadian Government to take

positive steps to secure a satisfactory international agreement on the general problem of displaced persons, especially if such a declaration were to contain a definite offer to accept in Canada a specified number of displaced persons, including Jews.

The opinion of the Canadian Government that a broad international plan must be worked out for dealing with the problems of refugees and displaced persons is a matter of public record. Already this year the creation of an effective international organization for these purposes has been strongly supported by the Canadian representatives in the General Assembly of the United Nations, in the UNRRA Council, in the Economic and Social Council, and in the special United Nations Committee on Refugees and Displaced Persons. It is the intention of the Canadian Government to continue to support the early establishment of the International Refugee Organisation. It is hardly necessary therefore for the Canadian Government to make now a further general statement on this subject.

The suggestion that the Canadian Government should at once declare its willingness to accept a specified number of displaced persons raises other issues. The long-established method of regulating immigration to Canada is by the definition of the categories of persons admissible for permanent residence, without the imposition of numerical limitations. This method cannot readily be adapted to provide for the admission of specified quotas. The Canadian Government, late in 1945, agreed to allow many hundreds of persons who had been granted temporary refuge in Canada during the war to apply for permanent residence. Recently changes were announced in the Canadian immigration regulations by which additional categories of relatives of Canadian residents were made admissible to Canada as immigrants; as transportation conditions improve, it is expected that a large number of people now on the Continent of Europe, including many in Displaced Persons Camps, will gain admission to Canada as the result of this alteration and of the simplification of the passport regulations which accompanied it. Finally, a few days ago announcement was made of the readiness of the Canadian Government to receive up to four thousand veterans of the Polish Army for agricultural work in Canada, on the understanding that all who made good would be permitted to remain permanently in Canada.

Whatever may be the immediate public effect of declarations of readiness by governments to receive substantial quotas of refugees, it is believed that in the long run, at any rate in so far as Canada is concerned, a more effective contribution can be made by the modification of existing immigration regulations. Experience does not seem to show that efforts to secure from a number of countries undertakings to admit specified numbers of persons will have very productive results, particularly in countries which do not already regulate immigration by quota. It may be recalled that at the Conference on Refugees convened by President Roosevelt at Evian in 1938 pressure on the participating Governments to announce their readiness to accept numerical quotas of refugees from Germany brought a response only from one small Latin

American country. This solitary offer has since produced little in the way of results.

At the recent meetings of the Economic and Social Council in New York, the Director-General of UNRRA, in addressing the Council, made a somewhat similar suggestion. Mr. LaGuardia recommended strongly that the problem of refugees in UNRRA camps should be solved by the acceptance in various countries of specified numbers of these people. In the subsequent discussion of the problem in the Council, however, Mr. LaGuardia's suggestion was not advocated by any of the members.

In these circumstances, it is not likely that the Canadian authorities would feel able to support proposals in the Assembly or elsewhere based on the conception that the problem of refugees could or should be solved by a series of undertakings from various countries to receive specified numbers. The Canadian Government will continue to give its support for the establishment of an International Refugee Organization, and also to explore the possibilities of providing for the admission to Canada, within the general framework of existing regulations or a modification of those regulations, of additional numbers of persons for whom new homes must be found.

224.

DEA/5127-40

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

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

DESPATCH 1461

Ottawa, August 29, 1946

TOP SECRET

Sir,

I have the honour to enclose copy of an Aide-Mémoire submitted to the Canadian Government by the United Kingdom High Commissioner on July 26, 1946,<sup>1</sup> concerning the problem of displaced persons in Europe and in particular the question of the settlement of Jews. This approach by the United Kingdom Government on July 26 was prompted by the urgency of the situation which had developed in Palestine.

2. Towards the end of this document, the hope was expressed that the Canadian Government would take the following steps:

(a) to co-operate fully in securing a satisfactory international agreement on the general problem of displaced persons;

(b) to make a declaration in this sense before the end of July including, if possible, an offer to accept a specified number of displaced persons.

3. I also enclose copy of an Aide-Mémoire dated August 19, in reply to the United Kingdom's Aide-Mémoire, which was handed to the United

<sup>1</sup> Document 219.

Kingdom High Commissioner by the Acting Under-Secretary of State for External Affairs on August 19. In our reply it was pointed out that the Canadian Government had consistently supported the policy of dealing with the problem of refugees and displaced persons on a broad international basis. Canadian representatives at recent international conferences called to consider this question have repeatedly urged the creation of an effective international organization for this purpose. It was further stated that it was the intention of the Government to continue to support the early establishment of the International Refugee Organization.

4. Concerning the suggestion that Canada declare immediately its willingness to accept a specified number of displaced persons, it was pointed out that the long-established method of regulating immigration to Canada is by the definition of the categories of persons admissible for permanent residence, without the imposition of numerical limitations. In view of this, it was felt that in the long run Canada could make a more effective contribution to this problem by the modification of existing immigration regulations rather than by an immediate public declaration of willingness to accept a substantial quota of refugees.

5. In these circumstances it was stated that the Canadian authorities would probably not feel able to support proposals at the General Assembly and elsewhere based on the conception that the problem of refugees could or should be solved by a series of undertakings from various countries to receive specified numbers.

I have etc.

R. G. RIDDELL  
[for] Acting Secretary of State  
for External Affairs

225.

DEA/8296-40

*Le chargé d'affaires de Yougoslavie au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires of Yugoslavia to Secretary of State for External Affairs*

[Ottawa,] November 13, 1946

Sir,

The Assistant Director of the Department of Planning and Development of the Province of Ontario, who is conducting a survey and preparing a report for the government of that province on immigration and the opportunities there are in the province for the establishment of settlers from other countries, has informed me of her intention to call on me and discuss the viewpoint of my Government towards the immigration of its nationals and any regulations which may be in effect. The interview in question is supposed to take place in Ottawa some time between November 19th and November 21st.

Since this question may assume a political aspect, in view of the present situation with regard to 'displaced persons', I feel it my duty to inform you of the point of view of the Yugoslav Government, before getting in touch with the Assistant Director of the Department of Planning and Development, Mrs. E. W. Brownell.

The Yugoslav Government, as well as the country's national economists, are inclined to consider a subtraction of the working population to be harmful for the recovery of so badly devastated a country as Yugoslavia. You will be aware that of a population of sixteen million before the war, my country lost more than one million seven hundred thousand people, most of them young and efficient in national production. The Yugoslav Government is therefore anxious to get back to the country as many Yugoslav workers as can be obtained, even from countries where they have every reason to be satisfied and happy, and I can assure you that many of them are prepared to do what they can to fulfill their indebtedness to their country of birth, in order that they may make up for what they were unable to accomplish during and before the war.

On the other hand, there are people who, with reason, feel that they have done wrong to their motherland and others who prefer to come to a rich and flourishing country instead of taking up the burden of rebuilding their destroyed homes. As a matter of fact, there are many amongst the displaced persons who are responsible for crimes and mischief and I do not believe that they would be a gain to any country, wherever they may settle. Apart from that, there are a lot of idle people, of political rather than constructive mind, looking for an easy way of life. Consequently, I would not suggest that any action be taken to transfer those people to Canada, because they will be either harmful or useless for this country.

As the representative of Yugoslavia, I would not like the great service and reputation of the Yugoslav immigrants in this country to be obscured by a lot of people whose moral, political and material usefulness is doubtful.

I avail etc.

PERO CABRIC

226.

DEA/5127-40

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires de Yougoslavie*

*Secretary of State for External Affairs to Chargé d'Affaires of Yugoslavia*

No. 19

Ottawa, November 22, 1946

Sir,

I have the honour to refer to your Note of November 13th, and to acknowledge the account which you have given me of the attitude of the

Yugoslav Government concerning the re-settlement of displaced persons of Yugoslav nationality. In the discussion of this question which has taken place in various conferences of the United Nations during the present year, representatives of the Canadian Government have made clear the desire of Canada to facilitate, as much as possible, the voluntary repatriation of all displaced persons who are willing to return to their countries of origin. The Canadian Government has also indicated its wish that steps should be taken to prevent war criminals and traitors securing international assistance through refugee organizations. It is also the view of the Canadian Government that genuine refugees who do not wish to return to their countries of origin should not be compelled to do so, and should be assisted through international action to re-establish themselves in new homes.

Accept etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

PARTIE 4/PART 4

SCIENTIFIQUES ALLEMANDS/GERMAN SCIENTISTS

227.

W.L.M.K./Vol. 331

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

SECRET

[Ottawa,] September 10, 1946

As you know, both the United Kingdom and the United States have secured the services of a good many German scientists who have been transferred with their equipment to laboratories in those countries where they are able to carry forward research projects on which they had been engaged in Germany. A considerable number of German scientists have also gone to the U.S.S.R. on a similar footing. Canada has on a number of occasions been asked whether it would be interested in securing the services of any German scientists for research work. Up to now the line taken by the National Research Council has been that the possible political difficulties arising from the employment of such persons would probably outweigh the scientific advantages which might accrue from their work in Canada.

Dean Mackenzie told me today that he was no longer sure that this policy was wise. He felt that in certain special fields we might be losing the services and skills of men who might make a really important contribution to special-

ized forms of scientific research for which suitably qualified Canadian scientists are not available. He plans to discuss the whole question again with Mr. Howe, who may wish to raise the matter in Cabinet.

N. A. R[OBERTSON]

228.

DEA/7-DC

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

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

DESPATCH 1797

Ottawa, October 18, 1946

Sir,

I have the honour to refer to your Despatch No. A-811 of 21st September, 1946,† and to previous communications concerning the employment of German scientists in Canada.

This matter has now been discussed in the Cabinet, and it has been agreed that it would be desirable to bring to Canada a few German scientists for work in which no qualified Canadian personnel are available. It is understood, of course, that the Immigration Authorities would carefully investigate each case from the political and security point of view, and it is envisaged that each scientist accepted should be personally known to a colleague in Canada.

We have been asked by the President of the National Research Council, at whose instigation the Cabinet decision was taken, to assist in obtaining the services of Dr. Kurt Starke of Heidelberg, Germany. Dr. Starke is an outstanding scientist and is personally known to Dr. L. G. Cook of the National Research Council. He is acceptable from a political and personal standpoint, and is to be located at McMaster University where he will work with Dr. H. G. Thode who is carrying on important work in the field of radio chemistry.

We are forwarding this request to the Immigration Section of the Department of Mines and Resources for action through their channels, and in the meantime would suggest that you take whatever steps are necessary through Major Macdonnell of C.A.T.C. to clear this man from Germany for service in Canada.

The question of bringing out industrial scientists for work in Canadian industry has been considered by officials of this Department and the Department of Trade and Commerce, and the view is held that the Cabinet decision would cover the immigration to Canada of certain scientists and technicians which have been requested by Canadian industry. Dean Mackenzie of the National Research Council has concurred in this interpretation.

...

It is anticipated that further requirements for German scientists will be made known in the near future, and you will so be advised. I would appreciate being kept informed of what progress you are making in these matters.

I have etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

229.

PCO/C-20-2

*Le secrétaire du Cabinet au ministre des Mines et des Ressources*  
*Secretary to the Cabinet to Minister of Mines and Resources*

CONFIDENTIAL

Ottawa, November 24, 1946

Dear Mr. Glen,

The Cabinet at its meeting of November 12, 1946 dealt with the following item of interest to you.

Immigration Policy; entry of German Scientists and Technicians

The Prime Minister referring to a memorandum† from the Director of Immigration stated that as a result of investigation by Canadian firms it had been ascertained that in order to establish new industries in Canada a number of German scientists and technicians would be required. Needs already known totalled fifteen technicians for Canadian companies; this number might be expected to increase both for technical and for educational purposes.

Since the men involved were German citizens, temporary admission would have to be authorized under Minister's permit, while permanent admission would require authority of the Governor in Council. Careful review from the point of view of security would be required before individual cases could be approved.

The Cabinet, after discussion, agreed that the decision of October 2nd which I reported to you in my letter of November 9th† be extended to permit the temporary admission to Canada of German scientists and technicians required for industrial and educational purposes; admission in each case to be recommended by the President of the National Research Council and the Director General of Defence Research.

The President of the National Research Council, Commissioner Wood R.C.M. Police and Dr. Solandt have been informed of this decision, and I am sending copies of this letter to Mr. Jackson and Mr. Jolliffe.

Yours sincerely,

A. D. P. HEENEY

## PARTIE 5/PART 5

## SOLDATS POLONAIS/POLISH SOLDIERS

230.

DEA/5127-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au ministre du Travail*

*Acting Under-Secretary of State for External Affairs to Minister of Labour*

CONFIDENTIAL

Ottawa, May 14, 1946

Dear Mr. Mitchell,

1. Before the Prime Minister left for England, the Under-Secretary submitted to him a memorandum<sup>1</sup> on the possibility of Canada agreeing to take demobilized Polish soldiers, man for man, in return for the German prisoners-of-war which we would be returning to the United Kingdom.

2. As you know, we have been having discussions recently with the United Kingdom about the return to the United Kingdom of some thousands of German prisoners-of-war who are being used as agricultural labourers in various parts of Canada. The United Kingdom wish to have them back in accordance with an arrangement made some months ago and we are trying to hold on to them because of the immediate need for their services for food production here.

3. It was therefore suggested to the Prime Minister that by agreeing to take demobilized Polish soldiers in return for the German prisoners-of-war we would be getting a supply of heavy labour of a type which is in considerable demand, and that the movement, which might run to three or four thousand, would make an appreciable beginning on the very difficult task of disposing of the large forces of Polish soldiers in Western Europe who, for understandable reasons, are unwilling to return to Poland. The fact that the Polish soldiers would be coming to Canada as agricultural labourers or lumber workers to take the place specifically of German prisoners-of-war who would be shipped back, would diminish or remove the danger of political controversy.

4. In the ordinary course most of the Poles who are of the type from which a good part of our useful immigration has come, would probably settle here as valuable citizens.

5. The Prime Minister has approved this proposal in principle, adding that it should be made a matter of Cabinet consideration.

6. I am therefore sending a copy of this letter to Mr. Heeney so that the matter may be put on the agenda for early consideration by the Cabinet.

H. H. WRONG

<sup>1</sup> Voir le document 106.

<sup>2</sup> See Document 106.

231.

PCO/P-65-1

*Mémorandum du secrétaire du Cabinet au Cabinet*  
*Memorandum from Secretary to the Cabinet to Cabinet*

CONFIDENTIAL

Ottawa, May 21, 1946

WOODS AND AGRICULTURAL LABOUR; PROPOSAL FOR REPLACEMENT  
OF PRISONERS OF WAR BY DEMOBILIZED POLISH SOLDIERS

Discussions have taken place recently with the United Kingdom government about the return to the United Kingdom of some thousands of German prisoners of war who are being used as agricultural labourers in various parts of Canada. The United Kingdom wish to have them returned on the last available troop ship which is expected to leave Canada early in August, and the Canadian government has agreed that this will be done despite the fact that their services are urgently required for food production here.

Before the Prime Minister left for England, the Under-Secretary of State for External Affairs submitted to him a memorandum on the possibility of Canada agreeing to take demobilized Polish soldiers, man for man, in return for the German prisoners of war being returned to the United Kingdom. It was pointed out that in this way we would obtain a supply of heavy labour of a type which is in considerable demand and that the movement, which might run to three or four thousand, would make an appreciable beginning on the very difficult task of disposing of the large forces of Polish soldiers in Western Europe who are unwilling to return to Poland. The fact that the Polish soldiers would be coming to Canada as agricultural labourers or woods workers to take the place specifically of German prisoners of war who would be shipped back, would diminish or remove the danger of political controversy.

The Prime Minister has approved this proposal in principle and has asked that it be placed before the Cabinet.

Officials of the Departments of External Affairs and Labour have discussed the possibility of requiring these Polish soldiers, as a condition of entry into Canada, to work under direction for a period of possibly two years. It has also been suggested that they might be formed into labour battalions which would be available to work wherever their services were required and that they should continue to be employed in this manner for possibly two years and not be permitted to drift into the larger centres of population where they would be in competition with local labour.

A. D. P. HEENEY

232.

DEA/621-PF-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures**Memorandum by Associate Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa,] May 24, 1946

REPLACEMENT OF PRISONERS OF WAR BY  
DEMOBILIZED POLISH SOLDIERS

At the meeting of the Cabinet on May 22nd, this proposal which had been submitted to and approved in principle by the Prime Minister before his departure, was discussed and referred for consideration and report to the Ministers of Labour and Mines and Resources.

H. W[RONG]

233.

DEA/621-PF-40

*Mémorandum du secrétaire du Cabinet au Cabinet**Memorandum from Secretary to the Cabinet to Cabinet*

CONFIDENTIAL

[Ottawa,] May 27, 1946

WOODS AND AGRICULTURAL LABOUR: REPLACEMENT OF  
PRISONERS-OF-WAR BY DEMOBILIZED POLISH SOLDIERS

The Cabinet on May 22nd, 1946, referred a proposal to replace German prisoners-of-war by demobilized Polish soldiers to the Ministers of Labour and Mines and Resources for consideration and report.

The Deputy Minister of Labour and the Director of Immigration have conferred on the matter and recommended as follows:

1. Approximately 4000 Prisoners-of-War will be used for agricultural pursuits this summer. Practically all of them will be used in the sugar beet fields of Alberta, Manitoba and Ontario. The only mode of transporting them back to England in sight consists of returning troop transports and these ships will not be available, if present schedules are followed, after the end of July or middle of August.

2. A difficult situation will be created when it becomes necessary to withdraw the 4000 Prisoners-of-War from agriculture and strenuous protests will result.

3. If the demobilized Polish soldiers can be carefully selected and dealt with somewhat along the lines indicated hereunder, it is recommended that the plan be proceeded with and that they be assigned to agriculture to take the place of the German Prisoners-of-War.

Briefly, the arrangements might be somewhat as follows:

(a) The number be limited to 4000; single men only who will agree to accept direction to agriculture or similar work for a period of three years and enter into an individual contract to this effect;

(b) One term of the contract would be that they would be sent back to Britain if they failed to carry out the agreement;

(c) A meticulously careful selection should be made on grounds of medical fitness; security (no Nazis or agents); and suitability for agricultural work, and in this connection it is proposed that three senior officials be sent to select them: one from the Mounted Police, to check up on security; a Medical Officer and an Agricultural Employment Officer who knows the type of men required;

(d) They would be given temporary status until the three year period was up and subject to good behavior during the three years they could then be given permanent status;

(e) Their placement on arrival in Canada would be made from clearance depots, one in Ontario, one in Manitoba and possibly one in Alberta, these clearance depots to be operated under the Farm Labour Plan which is operated in co-operation with the Provinces. This would have the effect of avoiding any differences of opinion with the Provinces.

The undersigned has no knowledge of the funds that would be available to these Polish soldiers on demobilization, but if they cannot pay their own transportation to Canada possibly the United Kingdom Government would make provision for their transport. This might be accomplished by the transports handling the Prisoners-of-War.

If the suggestions carry the approval of Cabinet, it is proposed that a telegram be despatched to the Prime Minister, asking him to make arrangements with the British Government specifically on the point of obtaining an agreement that the men could be sent back to Great Britain if they failed to carry out the contract and generally on the whole plan.

In order that the details might be developed a small Interdepartment Committee might be set up, consisting of the Deputy Minister of Labour, the Director of Immigration and Commissioner Wood of the Royal Canadian Mounted Police.

The Minister of Labour and the Minister of Mines and Resources have approved this recommendation in principle.

A. D. P. HEENEY

234.

PCO/C-20-2

*Extrait de lettre du secrétaire du Cabinet au ministre du Travail*

*Extract from Letter from Secretary to the Cabinet to Minister of Labour*

Ottawa, May 30, 1946

Dear Mr. Mitchell,

At yesterday's meeting of the Cabinet the following items of particular interest to you were dealt with:

1. *Agricultural and woods labour; demobilized Polish soldiers*

You submitted, as the basis of your letter to me of May 24th, the plan concurred in by your colleague the Minister of Mines and Resources for the selection of 4,000 demobilized Polish soldiers to replace prisoners of war in agricultural and woods labour. A cabinet Document (No. 216), on this subject, had been circulated.

The Cabinet approved the plan recommended and agreed that negotiations with the U.K. government be undertaken through appropriate channel.

I have suggested to Mr. Wrong that he get in touch with Mr. MacNamara prior to sending a message to London and that since Mr. Robertson is familiar with the matter, he should participate in conversations with U.K. authorities.

As to the committee to be responsible for administration of the scheme, Raymond Ranger who is to be seconded to this Office in place of B. F. Wood could act as secretary and I will arrange that he get in touch with Mr. MacNamara in this connection so that the project may be pressed forward.

Yours sincerely,

A. D. P. HEENEY

235.

DEA/621-PF-40

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

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

TELEGRAM 1271

London, May 31, 1946

SECRET. Poles. United Kingdom officials have arranged meeting for Monday with Robertson to discuss disposition of Polish Armed Forces. It would be helpful to know before that time whether you have come to any preliminary conclusions concerning proposed acceptance of Poles in place of German prisoners.

United Kingdom proposal that Canada might accept financial obligations towards Poles in Canada will also be raised, and we should be glad to have any comments you would like to make on this subject.

236.

DEA/621-PF-40

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

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

TELEGRAM 1094

Ottawa, June 1, 1946

IMMEDIATE. SECRET. Your telegram No. 1271 of May 31. Polish soldiers.

1. Cabinet on May 29 approved of a plan to exchange demobilized Polish soldiers on a head for head basis for German prisoners of war, and agreed

that negotiations with the United Kingdom be undertaken. It would clearly be best if these negotiations were conducted in London.

2. The submission to Cabinet stated that about four thousand German prisoners of war will be used in agriculture this summer, practically all of them in the sugar-beet fields of Alberta, Manitoba and Ontario. The only method of transporting them back to England in sight consists of returning troop transports and, if present schedules are followed, these ships will not be available after the end of July or middle of August.

3. The arrangement proposed in the plan considered by Cabinet is as follows:

(1) The number of demobilized Polish soldiers be limited to 4000; single men only who will agree to accept direction to agriculture or similar work for a period of three years and enter into an individual contract to this effect.

(2) One term of the contract would be that they would be sent back to Britain if they failed to carry out the agreement.

(3) A meticulously careful selection should be made on grounds of medical fitness, security (no Nazis or agents), and suitability for agricultural work; three senior officials would be sent to select them: one from the Mounted Police to check up on security; a Medical Officer and an Agricultural Employment Officer who knows the type of men required.

(4) They would be given temporary status until the three year period was up and subject to good behavior during the three years they could then be given permanent status.

(5) Their placement on arrival in Canada would be made from clearance depots, one in Ontario, one in Manitoba and possibly one in Alberta, these clearance depots to be operated under the Farm Labour Plan which is operated in co-operation with the Provinces. This would have the effect of avoiding any differences of opinion with the Provinces.

4. It is suggested that if the Poles cannot pay their own transportation to Canada, possibly the United Kingdom will arrange for the transportation and pay the cost.

5. It will, of course, be necessary to secure the consent of the United Kingdom Government to the arrangement, and especially to the provision that the men could be sent back to the United Kingdom if they failed to carry out the agreement.

6. An inter-departmental committee is being set up, consisting of the Deputy Minister of Labour, the Director of Immigration, the Commissioner of the R.C.M.P., together with a representative of this Department and a Secretary from the Privy Council Office.

237.

DEA/621-PF-40

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

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

TELEGRAM 1318

London, June 5, 1946

SECRET. Following from Wrong from Robertson, Begins: Your telegram No. 1094 of June 1st. At a meeting on June 3rd with representatives of the United Kingdom Government Departments concerned, I outlined the conditions set forth in your telegram under which our Government would consider receiving demobilized Polish personnel in replacement of returning German prisoners of war and explained why the various restrictive conditions were felt to be necessary by our authorities.

The United Kingdom representatives welcomed the proposed arrangement as the first substantial offer from any other country of help in placing the demobilized Polish forces. They were, at first, inclined to hesitate a bit at possibility that misfits would be deported to the United Kingdom, but on second thoughts were disposed to agree that the likelihood of any substantial group being landed on them was slight.

In ensuing discussion, following points emerged:

(1) United Kingdom recognize that our present willingness to take Polish personnel is linked with our loss of prisoner of war labour, but urge that this relationship be not unduly stressed in any publicity given these arrangements because of adverse effect it would have upon Polish morale. The best type of man will probably volunteer for labour service in Canada under conditions prescribed if early assurance could be given that satisfactory behaviour would lead to ultimate qualification for Canadian citizenship, but if emphasis were put on their role as relief for enemy prisoners of war we would be less likely to get satisfactory applicants.

(2) As regards wages and relations with employers generally, the United Kingdom representatives hoped that the status of Polish personnel employed in Canada would not be less favourable than that of those to be placed in employment in this country. I said I thought that they would receive prevailing wage rates, and that so long as they were, in effect, employed under a contract of indenture, the Departments of Government concerned would supervise their placement and employment and see to it that their special status was not exploited by their employers.

(3) I thought it important that persons selected for labour service in Canada under this scheme should come as individuals and not as members of military formations. In Canada they would be under civil, not military, control and there should be no suggestion of maintaining any Polish military discipline over men once they were landed in Canada.

(4) It was thought that a good many men with the qualifications we required could be found in the Polish Army in Italy, which was largely recruited from the Eastern Provinces of Poland and contains about 50,000 farmers and farm labourers as well as a number of lumbermen.

(5) From an administrative point of view, it would appear easier to recruit Polish personnel in the United Kingdom to which the Polish forces are being returned for demobilization into the Resettlement Corps. However, there are precedents for demobilization taking place in Italy, and I think it would be wise to have the necessary screening done there and the men shipped to Canada direct from the Mediterranean rather than via the United Kingdom. Otherwise, their movement to Canada would appear to be in direct competition with the movement of soldiers' dependents and civilian personnel from this country and could give rise to very serious complaints and criticism. Viewed from London, the transportation aspect of this scheme is very important. I put it to the meeting that the United Kingdom should itself provide, or get the United States to provide, special shipping for the moving of Polish personnel over and above what is now scheduled for moving soldiers and their dependents from the United Kingdom to Canada.

Further discussions with the United Kingdom authorities can be conducted by Canada House which would be glad to have your instructions on the points raised in this message. Ends.

238.

DEA/621-PF-40

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

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

TELEGRAM 1530

London, July 10, 1946

SECRET. Your telegram No. 1279 of July 7th,† Polish immigrants. Thank you for your telegram, which arrived in time for the meeting. Representatives of Home Office, War Office, Treasury and Dominions Office, as well as Mr. LePan of this office, were present.

2. As I forecast in my telegram No. 1513 of July 8th,† representative of Home Office objected strongly to the Canadian stipulation that Poles who fail to carry out the proposed Agreement, should be sent back to United Kingdom. He argued that, by sending over a Commission of officials to select the Poles for immigration to Canada, we were skimming off the cream of the crop, and that it was unreasonable, after we had done that, to expect the United Kingdom to receive back any Poles who proved to be unsatisfactory. He did not think it was right for us to claim this double form of insurance. In particular,

he declared that a cast iron guarantee to take back any immigrants whom we might reject over so long a period as three years, would involve the United Kingdom authorities in serious legal difficulties. Their Immigration regulations, for example, as they stood at present, would not allow them to accept criminals or immigrants with contagious diseases. On the other hand, they would be quite willing to accept immigrants who found the Canadian climate too rigorous, or who were unsuited to the work for which they had gone to Canada. More generally, they would try to find means of accepting unsatisfactory immigrants whom we wished to return to United Kingdom, but they could not guarantee to accept all such men without exception. He pleaded for the Canadian Government to consume some of the smoke which may arise from this arrangement.

3. He asked whether the Canadian Government would agree to some such formula as the following:

It is understood that the United Kingdom Government would be prepared to give sympathetic consideration to a request by the Canadian Government to take off their hands any individuals who are found, by experience, to be unsuitable for the purpose for which they were selected.

4. LePan said that he could not hold out any hope of the Canadian Government relaxing this stipulation to their offer. Immigration was a very contentious issue in Canada, and authority could be granted for the entrance of these four thousand Poles only if their admission were presented to the Canadian Parliament as an exception, and it could be made to appear as an exception only if it were hedged about with safeguards. Of these safeguards, the most important, in the view of Canadian Government, was the right to return unsatisfactory immigrants to the United Kingdom. The selection to be carried out by Canadian officials, it was true, was a form of insurance for the Canadian Government, but it was equally insurance for United Kingdom Government. As a consequence of the selection, we believed that it would be unlikely that there would be any appreciable number of Poles who would fail to fulfil the terms of the proposed Agreement. He also mentioned the other points made in your telegram of yesterday's date.†

5. However, we have undertaken to forward to you the formula suggested by the Home Office. In the meeting, LePan stood firmly on the letter of your instructions, and stressed the importance which you attach to this condition, but we feel that the difficulties referred to by the Home Office are genuine, and we would recommend that you consider sympathetically how far it is possible to go along the lines of the suggested formula in meeting them.

6. Representatives of the War Office raised no objections to the plan, and indeed thought it excellent. It would be quite possible to ship the men directly from Italy in accordance with our wishes. They did raise four points however:

(a) The movement of the Second Polish Corps from Italy to the United Kingdom has begun, and advance parties of units have already arrived in this

country. If we wished to carry out the work of selection in Italy and ship those chosen from there, we should move with great haste. The Polish Corps will have been entirely withdrawn from Italy some time in September. The sooner the Canadian officials charged with the responsibility of screening applicants can be despatched, the better.

(b) They enquired whether it would be possible to hold out the hope that dependents of the Poles selected would ultimately be allowed to proceed to Canada. They realise that only single men would be eligible for immigration into Canada, but they were apprehensive that, if the dependents of these men—their parents, for example—could not at some later date be granted entry into Canada, few Poles would be prepared to opt for residence in Canada rather than in the United Kingdom. This point seems to us to be of substance. At the present time many Polish dependents are in United Kingdom, and even if permission were granted to dependents of those men chosen to proceed to Canada, shipping could not be found for them within perhaps a year. Because of recent changes in the Canadian immigration regulations, it seems to us that an indication that Canadian Government would be prepared to accept applications for immigration from these dependents would present no difficulty in principle, and we hope that such an indication may be given. This is a matter of some urgency, since, if your answer to this query is favourable, it should be included in the routine order which will be circulated through the Polish formations in Italy.

(c) They wondered how Polish immigrants going directly from Italy to Halifax would be provided with civilian clothes. Poles demobilized in this country, like United Kingdom servicemen, are given civilian clothes on discharge. They do not receive an allowance for this purpose as is the case with Canadian servicemen. The War Office felt that it would be impossible, administratively, to issue civilian clothes to Poles demobilized in Italy. Presumably they could be given instead, a cash clothing allowance with which to buy clothes in Canada.

(d) They are also doubtful whether one team of three officials will be sufficient to complete selection before the Polish Corps has left Italy.

7. Representatives of the Treasury raised, once again, the possibility of the Canadian Government paying the passage of Polish immigrants from Italy to Canada, and also of paying war gratuities. The War Office also suggested that we might pay clothing allowance if they are agreed upon. LePan promised to refer these suggestions to you, but did not hold out any hope of Canada accepting these responsibilities. It is clear that the Treasury will not make this issue a stumbling block if you insist that the United Kingdom be responsible for these payments.

8. I should be grateful for an early reply to this telegram since the War Office must issue a routine order to all Polish formations some weeks before our officials arrive in Italy to make the selection.

239.

PCO/P-65-1

*Mémorandum du secrétaire du Cabinet au Cabinet*  
*Memorandum from Secretary to the Cabinet to Cabinet*

SECRET

[Ottawa,] July 11, 1946

On May 29, 1946, Cabinet approved of a plan recommended by the Minister of Labour and concurred in by the Minister of Mines and Resources whereby a maximum of 4,000 single, demobilized Polish soldiers would be selected and brought to this country to work in the sugar beet fields, under direction, for a period of 3 years, after which time and, subject to good behaviour, they could be given permanent status to reside in this country.

Cabinet further approved that a committee composed of the Deputy Minister of Labour, the Director of Immigration, and the Commissioner of the R.C.M.P. would be responsible for the administration of the plan. The attached submission to council and contract† have been recommended by the Committee for approval.<sup>1</sup>

The submission to council contains three small changes in policy (viz. the reduction from 3 to 2 years, the decision not to concentrate on the sugar beet fields, but rather in agricultural employment, and the decision to accept 4,000 single men if possible and, if not, to make up any balance from suitably qualified married men).

There is also mentioned in the contract to be signed by both the demobilized Polish soldier as an employee, and the employer, a minimum monthly wage rate of \$45.00.

The form of and authority for the order-in-council have been cleared with Justice by the Solicitor of the Department of Labour.

A. D. P. HEENEY

[PIÈCE JOINTE/ENCLOSURE]

*Soumission au Conseil*

*Submission to Council*

The undersigned the Minister of Labour and the Minister of Mines and Resources have the honour to report as follows:

That there exists in Canada an acute shortage of suitable labour for agricultural employment; and

That it is considered necessary to make provision at this time for the early acquisition of suitable labour for agricultural employment; and

That the Minister of Mines and Resources proposes to permit entry into Canada under the authority of the Immigration Act of 4,000 ex-members of

<sup>1</sup>Cette soumission fut approuvée le 23 juillet. Décret en Conseil P.C. 3112.

<sup>1</sup>This submission was approved on July 23. Order in Council P.C. 3112.

the Polish Armed Forces who served with the Allied Forces engaged in hostilities against the Axis powers and who are presently located in the United Kingdom and Italy and are qualified for and willing to undertake agricultural employment in Canada; and

That it is considered desirable that provision be made for the selection and examination overseas of men for entry into Canada as aforesaid, to settle the conditions relative to their employment in agriculture in Canada, to provide for their placement in employment and for their supervision and welfare while so employed:

Now, therefore, the undersigned have the honour to recommend that Your Excellency in Council be pleased to approve the following Order:

1. The Minister of Labour is authorized

(a) by arrangement with the Departments concerned to send representatives of the Departments of Mines and Resources and Labour and the Royal Canadian Mounted Police to the United Kingdom and Italy to interview and examine persons of the above-mentioned description for the purpose of selecting 4,000 of such persons for agricultural employment in Canada and to pay the necessary transportation and living expenses of such representatives while so engaged;

(b) to make provision as he deems necessary for the placement in agricultural employment of persons so selected and admitted into Canada and for their continued supervision and welfare during the initial two-year period of employment following entry into Canada including inter alia provision for payment of their transportation expenses from the port of entry into Canada to the place of employment, living expenses en route and any necessary medical or hospital expenses, and for such purposes, may make use of the facilities of the Unemployment Insurance Commission or may enter into an agreement with any province or extend the provisions of any agreement with any province pertaining to farm labour;

(c) to pay the costs of return transportation to Great Britain and living expenses en route for any person admitted to Canada aforesaid, if required to leave Canada;

(d) to use staff presently employed by the Department of Labour or engage such additional staff as may be required by him, for the administration of this Order at such rate of remuneration as may be authorized by the Governor in Council and to establish such offices as may be required.

2. The Minister of Labour shall require every person as may be permitted entry into Canada by the Minister of Mines and Resources for agricultural employment as aforesaid, to complete a written undertaking in form contained in Schedule I hereto† or to like effect.

3. The Government of Canada declares that each person permitted entry into Canada as aforesaid will be granted permanent admission to Canada upon due fulfilment and observance by him of the terms and conditions of

the undertaking given by him pursuant to Section 2 of this Order and if otherwise eligible to enter or remain in Canada under the Immigration Act.

4. Expenses incurred by the Minister of Labour in the administration of this Order shall be paid out of monies voted by Parliament for the Department of Labour.

Respectfully submitted,

[H. MITCHELL]

[J. A. GLEN]

240.

DEA/621-PF-40

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

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

TELEGRAM 1378

Ottawa, July 24, 1946

SECRET. Your telegram No. 1530 of July 10, Polish immigrants. Order in Council P.C. 3112 of July 23 was passed yesterday authorizing the admission to Canada under the Immigration Act of 4,000 ex-members of the Polish armed forces who are qualified for, and willing to undertake, agricultural employment in Canada. These men will be admitted to Canada under two-year Farm Labour contracts. At the end of this period they will be eligible for permanent residence in Canada. This followed final Cabinet approval of this proposal on July 22.

2. Concerning the points raised in your telegram No. 1530, the decision of the Cabinet was as follows:

(1) The Government agreed that the stipulation regarding the return to the United Kingdom of Polish veterans who proved unsatisfactory should stand. In passing this on to the U.K. authorities it should be emphasized that the responsibility of the U.K. Government for accepting these Poles, if unsatisfactory, extends only during the two-year term of their contract.

(2) Concerning the number of Canadian officials to be sent abroad to interview these men, it was agreed that two teams of three officials (a medical officer, a Farm Labour employment officer and an R.C.M.P. security officer) should be sent to Italy at the earliest date. It is not expected that these teams will reach Italy for at least two weeks from this date. These men will travel by air and will be augmented if necessary.

(3) Concerning the admissibility of the dependents of the poles selected, it was emphasized that only single men will be interviewed and selected at this stage. After the two-year contract is finished, the Polish veterans selected will be eligible for permanent admission to Canada, and as permanent resi-

dents, their relatives will then be admissible to Canada in the same manner as the relatives of any other Canadian residents. (See our circular despatch of June 13 on immigration policy.) † During the two years of their contract dependents of these men will not (repeat not) be eligible for admission to Canada.

(4) Concerning clothing for these men, it was agreed that the Canadian Government would undertake to supply each of them with a kit of working clothes on their arrival in Canada. The costs of these clothes will be borne by the Canadian Government. They will consist of sufficient clothing for a farm worker. It was also agreed that it should be suggested to the U.K. Government that they might add to the gratuities of each of these men a sum equivalent to the value of the "walking out" clothing they would have been issued if they had been demobilized in the U.K.

(5) The Government decided against Canada assuming transportation costs for these men from Italy to Canada.

(6) The Canadian Government also declined to accept the burden of paying any war gratuities to these men unless the Polish veterans concerned came under the provisions of P.C. 7516 of January 22, 1946, as former residents of Canada.

3. As stated above, it is not expected that the teams will be in Italy to interview these men before at least a fortnight. It is hoped that application forms in Polish and English will be available for distribution to members of the Polish Second Corps before the teams arrive in Italy. In your telegram No. 1530 you say that the movement of this Corps to the United Kingdom has already begun and that it will be completed sometime in September. As our teams will not reach Italy until approximately August 10, we would appreciate receiving full details concerning the speed of the movement of this Corps. If there are an insufficient number of qualified single men in this Corps in Italy from whom 4,000 workers can be selected, it will be necessary for our teams to proceed to the U.K. to examine further applicants. This would mean that transport for these men would be required both from Italy and from the U.K. to Canada. In view of the U.K. Government's reluctance to have these men leave direct from the U.K. to Canada, it would be much preferable if all interviewing and selection could be accomplished in Italy before the Corps' repatriation.

4. You will note that we are assuming that the U.K. Government is undertaking responsibility for securing ship transport for these men from Italy (or the United Kingdom) to Canada. So far we have received no word on what arrangements are contemplated in this regard.

5. Our teams in Italy will require assistance in solving many administrative problems, such as stenographic help, interpreters, accommodation and rations for the teams, etc. We will send you a telegram shortly listing the problems on which these teams will require assistance and asking for the co-operation of the military authorities in Italy.

6. An airmail despatch† will be sent you tomorrow enclosing copies of (a) Order-in-Council P.C. 3112 of July 23, (b) the application form to be filled out by these Polish veterans before their interview, (c) an undertaking to be completed by the selected Polish veteran in the presence of the interviewing officer, stating that he is prepared to accept farm labour in Canada under the stated conditions, and (d) the Farm Labour contract to be completed between the employer (i.e., the Canadian farmer) and the Polish veteran concerned at some central distribution point in Canada where the workers have been assembled after their arrival here. This contract will be completed in the presence of a Labour Department official.

7. It is expected that an announcement on this subject will be made in the House today or tomorrow.

241.

DEA/621-PF-40

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

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

TELEGRAM 1644

London, July 29, 1946

SECRET. Your telegram No. 1378 of July 24th. Polish immigrants. We have communicated to the United Kingdom authorities the decisions taken by the Canadian Cabinet in this matter. On the assumption that the conditions prescribed by the Canadian Government will be acceptable to the United Kingdom, we have also informed them of the plans which are being made in Canada to implement the scheme.

2. You enquire in paragraph 4 of your telegram what arrangements the United Kingdom Government has in mind for transporting the men to Canada. You are quite right in assuming that the United Kingdom Government is willing to undertake this responsibility. Whatever ships are needed will sail from Naples to any Canadian port which the Canadian Government may designate. The War Office intends to use troopships and will provide ship's staff, i.e., an Officer Commanding troops, a Medical Officer, etc. The ships will probably be Victory Ships acquired from the United States. We have learned from the War Office that the provision of shipping will cause no difficulty since plans have already been made to provide ships to bring the Poles from Italy to the United Kingdom; some of the shipping allocated for this purpose will simply be diverted to carry 4,000 of the Poles to Canada instead of to the United Kingdom; in any case, of course, there is no question of this shipping reducing the tonnage which has been promised to the Canadian Government for other purposes.

242.

DEA/621-PF-40

*Le chargé d'affaires au Mexique au secrétaire d'État par intérim  
aux Affaires extérieures*

*Chargé d'Affaires in Mexico to Acting Secretary of State  
for External Affairs*

TELEGRAM 176

Mexico City, July 30, 1946

Reference Canadian acceptance of 4,000 Polish veterans of the Italian campaign reported in the Mexican press, July 26th. United States Embassy have enquired, informally, whether we would be prepared to accept as immigrants any of a group of 465 persons at Polish refugee camp, Leon, State of Guanajuato, who are related to Polish veterans now in the United Kingdom and Mediterranean, some of whom will doubtless be selected by Canada.

Details regarding Leon refugees and veterans to whom they are related going forward immediately by airmail.

243.

DEA/621-PF-40

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

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

DESPATCH A.660

London, August 7, 1946

SECRET

Sir,

I have the honour to refer to my telegram No. 1663 of July 31st,† in which I reported that the United Kingdom authorities had accepted the conditions attached by the Canadian Government to their offer to admit 4,000 Polish ex-servicemen into Canada for agricultural work. In order to provide a record of the agreement which has been reached in this matter, I am forwarding with this despatch three copies of the correspondence which has been exchanged between Sir Charles Dixon of the Dominions Office and Mr. LePan of this Office.†

2. On the morning of July 31st it appeared that there was a strong possibility that the stipulations which the Canadian Government had attached to their offer might not be entirely acceptable to the United Kingdom inter-departmental meeting which was to consider the question that afternoon. I therefore went down to the Dominions Office to see the Permanent Under-Secretary, in order to make sure that the issue would be considered in the proper background and perspective. I reminded Sir Eric Machtig that the

Canadian offer had come as the result of a personal appeal from Mr. Attlee to Mr. Mackenzie King at the time of the recent Prime Ministers' Meetings. I also drew attention to the fact that no other member of the Commonwealth had yet taken any action to lighten the responsibility of the United Kingdom Government, and I suggested that, if the Canadian offer were to be refused because the stipulations attached to it were difficult to accept in view of the present immigration regulations of the United Kingdom, the refusal would have a most unfortunate effect, not only in Canada (where a public announcement had already been made), but also in other parts of the Commonwealth where parallel offers might be in contemplation. Mr. LePan made similar representations to the War Office officials who were to participate in the inter-departmental meeting.

3. Partly, perhaps, as a result of these representations, it was decided to accept all the conditions which the Canadian Government had seen fit to attach to its offer. I feel that these negotiations have now passed the critical point, and should be comparatively smooth from now on. Even before the United Kingdom authorities had formally accepted the Canadian offer, the War Office had been most co-operative in making practical arrangements for the visit of the Canadian Interviewing Teams to Italy, and these plans are already far advanced, as you will have seen from my recent telegrams.

I have etc.

FREDERIC HUDD

244.

W.L.M.K./Vol. 405

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

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

TELEGRAM 1714

London, August 12, 1946

SECRET. My telegram No. 1709 of August 10th, Polish immigrants.

I have learned unofficially from the War Office that General Anders regards the scheme with favour and will support it. However, he had cabled from C.M.F. for further information on the following points:

(a) "Legal status and protection of volunteers from representations of the Warsaw Government." I understand from War Office that he wishes to be reassured that these Poles will not be held by the Canadian Government to be under the "protection" of the representative in Ottawa of the Warsaw Government.

(b) "Assurance of freedom of religion and freedom in private life to continue national culture and traditions."

(c) "That there is no objection to volunteers remaining members of the Polish Corps Ex-Soldiers Association, which has begun in London and is comparable to the British Legion."

(d) "The possibility of 6 priests [being] allowed to accompany the 4,000 immigrants for religious and cultural reasons." This enquiry makes me suspect that General Anders believes these Poles will be settled in more or less homogeneous communities and not scattered among a great number of farms.

(e) "The possibility of some married men being included owing to the difficulty of finding 4,000 unmarried persons. Best agriculturists come from eastern Poland and many are married with wives in Africa, India and Mexico."

(f) "Details of location of employment and possibility of friends remaining together. Will employment be by teams or as individuals."

2. It would be useful if the Canadian interviewing teams could be briefed on the above points before leaving Canada.

245.

W.L.M.K./Vol. 405

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

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

TELEGRAM 1527

Ottawa, August 23, 1946

SECRET. Your telegram No. 1714 of August 12, Polish immigrants.

1. The views of the Canadian Government on the points raised by General Anders with the War Office are as follows:

(a) The status of the Polish veterans in Canada will be similar to that of any other aliens temporarily resident in Canada subject to the conditions of the undertaking signed by the Polish veterans in Italy and to the terms of the contracts entered into thereunder. The Canadian Government does not force any alien in Canada to accept the "protection" of the diplomatic representative in Ottawa of the state of which he is a citizen.

(b) The Polish veterans will enjoy the full measure of religious and cultural freedom that is the right of any resident of Canada (subject to the reservation mentioned in paragraph 2 below).

(c) The Canadian Government will not ask any of these Polish veterans to surrender his membership in his service organization. In this connection we would, however, appreciate having further information from you concerning the scope of the activities of the Polish Corps Ex-Soldiers Association.

(d) As these veterans will be placed in employment over widely scattered areas, the suggestion that six priests accompany the movement for religious and cultural reasons is not very practicable and cannot be accepted.

(e) It has been already decided not to consider including married men until it is definitely established that the quota of 4,000 cannot be filled with single men.

(f) The Polish veterans will be placed on farms as individuals, not teams. Consideration will be given to the possibility of placing friends on adjacent farms, but no formal commitment can be given in this regard.

2. With reference to paragraphs (b) and (c) above, the interviewing teams will warn these Polish veterans that they must not take part in political activities on behalf of or against any foreign state. They will not be asked to sign a statement to this effect but will be warned orally prior to signing the undertaking. We would appreciate having precise information about the action the United Kingdom Government is taking in this connection with regard to the Poles demobilized in the U.K.

3. Please transmit the information contained in this telegram immediately to our interviewing teams in Italy.

246.

DEA/621-PF-40

*Le ministre de Pologne au secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] September 7, 1946

Excellency,

With reference to the preparations made by the Department of Labor and the Canadian Immigration Authorities to bring to Canada 4,000 Polish members of the so-called Anders Army, I have the honor to inform Your Excellency of the position of my government in regard to the settlement of Polish citizens in foreign countries.

The Polish Government is of the opinion that:

1. Polish citizens who during the war left their country and now are living abroad, Polish ex-soldiers who fought in the armies of the West, Polish citizens freed from concentration camps, and those who were taken by force to German labor camps are needed in Poland to take an active part in the work of reconstruction of their country.

2. Certain groups of Polish citizens who happen to be outside of Poland should not be regarded as a human reservoir upon which a foreign country could draw without the approval of the Polish Government.

3. Decision regarding immigration and settlement of Polish citizens in foreign countries can be made only on the basis of bilateral agreements with the Polish Government.

I avail etc.

A. FIDERKIEWICZ

247.

DEA/621-PF-40

*Le ministre de Pologne au secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] September 11, 1946

Excellency,

By the end of August, I have noticed in several Canadian newspapers, a statement attributed to His Excellency, The Hon. James Allison Glen, Minister of Mines and Resources, reading as follows: ". . . there are 200,000 Polish soldiers who fought with our armies and who were fighting against Nazism . . . the soldiers cannot return to their home for the very reason that they have fought against Nazism and in effect, they are today stateless."

As I found the same statement in the official record of the House of Commons debates of Wednesday, August 28th, 1946, I have the honour to approach Your Excellency with the request to transmit to His Excellency, The Hon. J. A. Glen, the following remarks which I am bound to make on that subject.

The fight against Nazism was considered in Poland to be a duty to all Poles, no matter where they have been during the war. War against Nazi *Wehrmacht*, against Nazi police, Nazi officials, and Nazi laws was waged in German occupied Poland by Poles in underground movements in which the whole nation was involved. There have been Polish patriots who also gallantly fought against Nazism with the allied armies of the West, just as there are many thousands of Polish patriots who gallantly fought against Nazism with the allied armies of the East. They all are highly esteemed in Poland and would be whole-heartedly welcomed upon their return. Anti-Nazi fighting spirit is one of the most important and most obvious criterions of value of the citizens in contemporary Poland. If some of the 200,000 allegedly Polish soldiers feel that they cannot return home, it is not because they have fought against Nazism, but on the contrary, because they have fought as German soldiers, S.S.-men, *Volkdeutsche*, and various traitors with Nazism, against freedom and democracy, not only of Poland, but all the allied nations.

As I believe that a few facts about the Anders Army and also Polish displaced persons in Europe may be of interest to His Excellency, the Hon. J. A. Glen, I would be most grateful if Your Excellency could transmit to him a short memorandum concerning some members of the Anders Army, which I have the honour to enclose.

I avail etc.

A. FIDERKIEWICZ

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de la légation de Pologne**Memorandum by Legation of Poland*

[n.d.] 1946

## MEMORANDUM CONCERNING SOME MEMBERS OF THE ANDERS ARMY

Many thousands of the allegedly Polish Veterans of the Anders Army are wearing Polish uniforms for a few months only. Most of them have been collaborating with the Germans as:

1. German Soldiers: Out of 68,693 Poles, who according to official British sources (Mr. Lawson M. P. Beamish) were either captured or surrendered in German uniforms, 53,630 joined the Anders Army in Italy. There may have been a certain percentage among them who were not able to escape from the German Army, but the majority was loyal to Hitler and for this very reason they don't care to go back to their country which they betrayed and abandoned.

2. The Polish "Blue" Police: Many Polish policemen collaborated with the German authorities during the war together with Polish S.S.-men, who worked as Gestapo agents. They all left Poland with the retreating German Army and can now be found in the ranks of the Army of Anders.

3. Swietokrzyska Army: Members of Polish armed units operated in the Góry Swietokrzyskie (Holy Cross Mountains) withdrew together with the Germans. Some of them joined the camps of Displaced Persons, others the Army of Anders.

4. S.S.-men: In the ranks of S.S.-men used by Germans in Poland, as guards and murderers in Jewish Ghettos, in jails, and in concentration camps, where not only Germans, but also Ukrainians, Lithuanians, and Latvians, who volunteered [into] German S.S. units (for instance the S.S. Division Galizien). They were welcomed in the Displaced Persons camps in Germany and in the Army of Anders in Italy.

5. *Volkdeutsche*: There have been in prewar Poland, Polish Nationals of German descent, who during the war repudiated their Polish nationality, accepted the German citizenship, and served the Germans as informers, interpreters in offices, as managers and foremen in factories and henchmen everywhere. They left Poland with the German troops, flying before the approaching liberating armies. As all of them spoke fluently Polish, they were easily admitted into camps of Polish Displaced Persons and from there they eagerly joined Anders Units knowing that they are thus escaping trial and punishment.

6. Various criminals: In Labor and Concentration Camps, the Gestapo authorities were helped by "Blockältesters" (Men in charge of blocks), "Capos" (Chiefs of working crews), and "Vorarbeiters" (Foremen.) All these men were beating, torturing, and killing the inmates of the camps. They

are responsible for many deaths, not only of Poles and Jews, but of other allied nationals as well. Some of them died in camps, others are to be found in Displaced Persons camps, and in the Army of Anders.

All the above mentioned people were helping to prolong the war. They were helping the enemy, who killed not only Polish soldiers and civilians, but also soldiers of all Allied Armies.

248.

DEA/621-PF-40

*Mémorandum du chef, la deuxième direction politique*

*Memorandum by Head, Second Political Division*

[Ottawa,] September 23, 1946

SELECTION OF FOUR THOUSAND EX-MEMBERS OF THE POLISH ARMED FORCES  
FOR AGRICULTURAL EMPLOYMENT IN CANADA

1. As you know, interviewing teams were sent to Italy in August to select four thousand single ex-members of the Polish armed forces for agricultural employment in Canada. The authority for this was given in Order-in-Council P.C. 3112 of July 23, 1946.

2. On September 9, the chief of the interviewing unit in Italy (the Canadian-Polish Movement Unit) informed us that fifteen percent of the applicants were men who had been conscripted into the German Army or German work camps after the fall of Poland. He asked whether the Canadian Government would be prepared to accept these men.

3. He was informed that under no consideration should any of these men be accepted.

4. This decision has caused a good deal of concern among the Second Polish Corps and in the United Kingdom War Office. The Polish Corps consider that the discrimination will lower the morale of their members and state that the loyalty and war service of all their members are equal whether or not they had been compelled to serve in the German Army and German work camps. The Second Polish Corps have asked that the question be put before the Canadian Government for consideration, and, pending this consideration, have stated that they could not submit further applicants for selection. The process of selection has therefore been temporarily suspended.

5. The War Office fears that the exclusion by Canada of Poles who fought for the Allies but who were originally in the German Army or German work camps may become a precedent in resettlement, with the result that a large percentage of the Corps who might be settled abroad would be left as a United Kingdom responsibility. The War Office also points out that our decision bars a large number of Poles who fought actively against Germany and who undertook the additional risk of deserting the German forces in order to do so.

6. The argument for our continuing to adhere to our previous decision to exclude Poles who were members of the German Army or German work camps is that it would remove the basis for a good deal of the propaganda in Canada against the whole scheme. On the other hand, it does make the task of the United Kingdom in securing resettlement for the remaining Poles that much more difficult.

7. Perhaps a compromise might be for us to agree not to bar from the scheme members of the Polish Army who established their bona fides by taking the risks of desertion from the German Army or German work camps and by taking part in action before the close of hostilities. This would mean that we would continue to bar two groups of Poles:

(1) Poles who served in the German Army and were taken prisoner by Allied Forces and then joined the Polish Corps and were in action against the Germans, and

(2) Poles who served in the German Army and were taken prisoner by Allied Forces after the termination of war in the European zone and then joined the Polish Corps.

This would be in accord with the terms of the Order-in-Council, which refers to, "4,000 single ex-members of the Polish Armed Forces who served with the Allied Forces engaged in hostilities against the Axis powers".

249.

DEA/621-PF-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] September 26, 1946

We have never returned a reply to the Polish Minister's note of September 11th, in which he took exception to an observation made by Mr. Glen in the House of Commons on August 28th. I think that a phrase employed by Mr. Glen was inaccurate and unfortunate and gave the Polish Minister a real cause for complaint. In his note, however, he sought to prove too much by including the ridiculous statement that the members of Anders army who were not ready to return to Poland fought on the German side because they were Nazi sympathizers. This may be true of a small minority, but it is undoubtedly grossly inaccurate and unfair as a general statement.

It is hard to answer this note in writing and both Robertson and I have felt that it should be dealt with verbally. Would you consider asking the Polish Minister to call on you? It would be useful if you could convey to

him some expression of regret on Mr. Glen's part for the objectionable phrase he employed, while, at the same time, objecting to the language used in the Polish Minister's note, the contents of which, incidentally, he has made public in a statement circulated to the press. I attach a copy of his note. I find that it has not been sent to Mr. Glen. I also attach a copy of an earlier note, dated September 7th, stating the objections of his Government to our arrangements for bringing former Polish soldiers to Canada. This too has not been answered.<sup>1</sup>

H. W[RONG]

250.

DEA/621-PF-40

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

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

TELEGRAM 1725

Ottawa, September 28, 1946

IMMEDIATE. SECRET. Your telegrams Nos. 1924, September 18th,† and 1926 and 1932 of September 19th,† transmitting messages from the Canadian Polish Movement Unit. Please transmit the following message to the Movement Unit, Begins:

1. We have received from you two messages dealing with the same subject. The first is a message from Shakespeare to the Commissioner of the R.C.M.P. which divides members of the Polish Corps into five classes. The second is a message from Hare to the Deputy Minister of Labour which divides the Polish Corps into seven categories. In order to avoid confusion, it is therefore necessary for us to state the position of the Canadian Government without specific reference to the five or seven categories.

2. The following are the instructions of the Canadian Government to the Canadian Polish Movement Unit: It is agreed that we should accept persons not only from that group of Poles who deserted from German units and fought against the Germans in the war, but also from those who took part in active hostilities against the Germans after having been taken prisoner by the Allied Forces while serving in the German Army. The criterion should be active participation in hostilities against the Axis. Under this, the only groups barred would be those who joined the Polish Corps after the end of hostilities. This decision required no amendment to Order-in-Council P.C. 3112 which authorized the admission of "4,000 single ex-members of the Polish Armed Forces who served with the Allied Forces engaged in hostilities against the Axis powers".

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

I understand that Mr. Pearson has seen Dr. Fiderkiewicz who did not raise this subject, and presumably he does not wish to press for a reply. D. B. H[ICKS]

3. You should immediately re-commence the interviewing and selection of these men on the basis of the above decision. If you are unable to fill the total quota from the Polish Corps in Italy, an offer will be made to complete the quota from the Polish Corps in the United Kingdom. If this fails, the Canadian Government may reconsider its decision that married men be excluded from the scheme.

4. In view of the difficulties caused here by parallel messages from members of the Mission to Ottawa, please be good enough in future to address all messages from the members of the Unit through the Chief of the Unit to the Secretary of State for External Affairs. The Secretary of State for External Affairs will consult the Deputy Minister of Labour, the Commissioner of the R.C.M.P. and the other agencies of the Government which are concerned. Ends.

With reference to your telegram No. 1939 of September 21st, please transmit this decision immediately to the War Office.

251.

DEA/621-PF-40

*Mémorandum de la deuxième direction politique<sup>1</sup> au sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum from Second Political Division<sup>1</sup> to Under-Secretary of State  
for External Affairs*

[Ottawa,] October 17, 1946

MOVEMENT OF 4,000 POLISH VETERANS  
TO CANADA FOR AGRICULTURAL LABOUR

1. When Mr. Robertson and Mr. King were in London in May of this year, they offered to the United Kingdom authorities to take 4,000 Poles from the Polish Army in Italy and United Kingdom, as a Canadian contribution to help them with the problem of disposing of the Polish veterans who would not return to Poland. (It was also hoped that these Polish [veterans] would replace the 4,000 P.O.W. on Canadian farms who were to be repatriated this year.)

2. The scheme was finally authorized by Order-in-Council No. P.C. 3112, dated July 23rd, 1946. At the suggestion of the United Kingdom authorities, we agreed to try to take the whole 4,000 from the Anders' Army in Italy from where the men should be sent direct to Canada.

3. A selection team of members of the Department of Labour, Department of Immigration and R.C.M.P. proceeded to Italy in mid-August and have been working hard ever since. When it was found that they might not

<sup>1</sup> De D. B. Hicks.

<sup>1</sup> By D. B. Hicks.

get the full 4,000 single Polish veterans with agricultural experience, as required, it was suggested that the quota might be completed in the United Kingdom. We raised this suggestion with Canada House who replied in their telegram 1850 of September 6th,<sup>†</sup> that the United Kingdom authorities would be quite agreeable to this, but wanted a definite proposal from us before taking any steps. So far we have not made a definite proposal.

4. At the meeting of the Interdepartmental Committee on Polish soldiers, held October 12th, the latest news from the selection team in Italy, had not been received, and it was feared that only from 2,000 to 2,500 Poles would be selected in Italy. The question was discussed whether the balance should be obtained in the United Kingdom immediately. Mr. MacNamara, the Deputy Minister of Labour was very firmly of the opinion that the selection of the balance should be delayed until the spring when it would be easier to place the men on the farms.

5. The main reason for Mr. MacNamara's hesitation to select the balance now in the United Kingdom is that so far only 2,000 applications had been received from the farmers for Polish veterans. The Department of Labour has visions of being stuck with several thousand unemployed Poles in hostels all winter. They could possibly be placed in lumber camps but would then be most unwilling to return to farms at lower wages in the spring. Mr. MacNamara realized that we could not go back on our commitment to take 4,000 altogether, but was very strong on his wish to defer the movement of the balance of Poles until the spring.

6. It now appears that they will get 3,200 Poles from Italy who will come forward during November. This will leave over 800 to be selected in the United Kingdom.

7. We have never given any promise of a definite date when the men should be brought to Canada. Certainly, from our point of view, it will be much more convenient to take the balance in March or April. The United Kingdom authorities may feel that we are going back on our promise in leaving them to look after and feed 800 Polish veterans for the winter, until we choose to take them in the spring. However, Mr. Ranger, Assistant to the Deputy Minister of Labour will arrive in London on Saturday and will be able to explain to Mr. Robertson and to the United Kingdom authorities our difficulties here.

8. As Mr. MacNamara feels very strongly on the subject, I do not think we could get him to agree to take the additional 800 Poles now, without a battle. Unless you feel equally strongly that we should take them now, I think we should agree to the Department of Labour's suggestion and complete the operation in the spring.<sup>1</sup>

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal Note:  
agreed L. B. P[EARSON]

252.

DEA/621-PF-40

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

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

TELEGRAM 1982

Ottawa, November 19, 1946

Re Polish Immigrants.

1. X-ray examination of Polish veterans, which was not possible in Italy, has disclosed a few cases of men with signs of Tuberculosis. Two cases of Syphilis, which may require lengthy treatment, have also been discovered.

2. Labour and Immigration Departments would like to return such cases to the United Kingdom.

3. It appears to me not unreasonable that we should be able to return men who for medical reasons are found unfit for agricultural employment. Could you please discuss this question with United Kingdom authorities, and advise me if they would agree to the return to the United Kingdom of such men. Their agreement is most desirable, as this question might have considerable bearing on possible future movement of Polish veterans to Canada.

253.

PCO/P-65-1

*Le secrétaire d'État aux Affaires extérieures au ministre de Pologne*

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

No. 36

Ottawa, November 25, 1946

Sir,

It has recently been called to my attention that the Polish Legation in Canada has issued a notice calling upon Polish citizens in this country to present themselves at the Polish Legation for registration. In this connection I am enclosing a copy of a statement which has been made by the Department of External Affairs indicating the position of the Canadian Government. It has been the expectation of the Canadian Government that, when the representatives in Canada of a foreign Government plan to carry out a registration such as that announced by the Polish Legation, the Department of External Affairs would, as a matter of courtesy, be informed and consulted. You will notice, however, that in the enclosed statement no question has been raised concerning the right of the Polish Legation in Ottawa to call upon Polish citizens in Canada to present themselves for registration. On the other hand it has been made clear that no resident of Canada may be

compelled to register with a representative of any foreign Government if he does not wish to do so.

I would be grateful if, in acknowledging this Note, you would be good enough to assure me that, when a Canadian Diplomatic Mission has been established in Poland, the Canadian Government will be able, if it so wishes, to issue notices in the Polish press calling upon Canadian citizens in Poland to present themselves for registration at that Mission.

Accept etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Communiqué à la presse du ministère des Affaires extérieures*  
*Press Release of the Department of External Affairs*

No. 55

Ottawa, November 25, 1946

The attention of the Canadian authorities has been drawn to an announcement made by the Polish Legation in Ottawa concerning the registration of Polish citizens in Canada. The Department of External Affairs was not consulted by the Polish Legation concerning this registration, and the arrangements which the Polish Legation has made are not ones which normally would require the consent of the Canadian Government. Any foreign diplomatic mission is at liberty to call on citizens of the State which it represents to present themselves for registration at any time.

It should, however, be clearly understood that under Canadian law no one in this country need present himself for registration at the Polish Legation unless he wishes to do so. There is no law in Canada which compels anyone to comply with an order on the part of a foreign Government to register at its diplomatic or consular offices. This applies equally to the former members of the Polish armed forces who have recently come to Canada and to any other persons of Polish origin who are residents of Canada.

In regard to the former members of the Polish armed forces who have been admitted to Canada, it is the expectation of the Canadian authorities that these persons, when they have fulfilled the conditions of their entry to Canada, will remain in this country, and that in the course of time they will qualify for Canadian citizenship. Under the Canadian Citizenship Act recently passed by the Parliament of Canada, facilities have been provided by which anyone who has been admitted permanently to this country may, if he is qualified, become a Canadian citizen and secure all the rights and privileges which would belong to him were he a natural born Canadian.

254.

PCO/P-65-1

*Le ministre de Pologne au secrétaire d'État aux Affaires extérieures**Minister of Poland to Secretary of State for External Affairs*

Ottawa, November 25, 1946

Excellency,

I have the honour to acknowledge receipt of your note of November 25th and of the statement of the same date, concerning registration of Polish citizens in Canada.

Thanking you for the courtesy of this communication, I am glad to find that the opinions of the Government of Canada, on that matter, do comply with the respective views of my government.

I also wish to express to Your Excellency, my satisfaction for the interest shown by the Department of External Affairs to this problem of registration. Being a technical matter of purely consular routine, this matter did not appear to me to be of particular interest to Your Excellency and that is the only reason why it has not been submitted for consideration to the Department of External Affairs. I can assure Your Excellency, however, that I shall be very happy to take always into account, the interest you are kind enough to show me in this instance and I shall not fail to approach Your Excellency, in the future, with requests for advice and assistance also in matters of that kind, should there arise any.

On behalf of my Government, I have the honour to assure Your Excellency that when a Canadian Diplomatic Mission has been established in Poland, the Canadian government will be able, if it so wishes, to issue notices in the Polish Press, calling upon Canadian citizens in Poland to present themselves for registration at that Mission.

Accept etc.

DR. ALFRED FIDERKIEWICZ

255.

DEA/621-PF-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne**Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 2029

Ottawa, November 26, 1946

Following for Robertson from Riddell, Begins: For your confidential information, following is account of interdepartmental meeting at which question of disposal of Polish veterans found from X-ray to have active tuberculosis was discussed today.

1. It now appears that out of nineteen hundred soldiers in first shipload there are seventy-five known cases of active tuberculosis and twenty-four questionable cases. These men will require at least six months' hospitalization. Presumably second boatload of twelve hundred will reveal another sixty cases.

2. MacNamara, Chairman of meeting, urged that the men should be returned to U.K. on the grounds that future plans to import Polish labour would be prejudiced if it was felt that we were accepting a lot of hospital cases. Dr. Brown, speaking for Dr. Cameron of Health and Welfare, urged strongly that we should treat these cases in Canada. He pointed out that U.K. hospitals have been overtaxed during the War and they had no facilities to spare. Mr. Hare, formerly head of selection unit in Italy, was against returning the men on the grounds that we had a moral responsibility to help the U.K. in dealing with the problem of Polish veterans. Hicks, as our representative, said that we had not yet had a reply from you to our telegram No. 1982, but suggested that we had not realized, when we asked the U.K. authorities if they would agree to the return of a few men, that the number involved would be so large. He supported Dr. Brown's view that it would be difficult to ask the U.K. authorities to accept so many.

3. There have also been found four V.D.S. cases, and thirty-nine cases who have shown positive serological blood tests. It was agreed that these could be treated by Army hospitals here.

4. As a result of discussion it was decided to find out what arrangements could be made for the treatment of the tubercular Poles in Canada, either through Veterans Affairs or the provincial authorities if it was decided to keep them in Canada. Final decision will also be guided by your reply to our formal telegram 1982 of November 19th, indicating the feeling of the U.K. authorities.

256.

DEA/621-PF-40

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

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

TELEGRAM 2303

London, December 1, 1946

SECRET. Your telegram No. 1982 of November 19th.

1. Original discussions with United Kingdom in June last, in which I took part, contemplated possible return to United Kingdom of Polish veterans who had in fact proved themselves unsuitable for settlement in Canada. You will recall that the United Kingdom accepted this provision with some reluctance and in the expectation that the number liable to be returned to their charge would, in any case, be very small in view of our rigid initial selection. The

possibility of our wishing to retain [*sic*] on medical grounds men who had been accepted by our examining authorities was never raised.

2. Preliminary and very tentative enquiries as to United Kingdom willingness to receive Polish veterans in Canada now found in need of hospitalization indicated that they would find it almost impossible to give such cases adequate medical treatment. Brigadier Melville and Brigadier Warner can speak with more authority than I can on the over-strained capacity of United Kingdom veterans' hospitals and medical facilities.

3. My own strong feeling is that the men in question, who after all were fit enough for *prima facie* qualification on examination in Italy, have a chance for complete recovery if hospitalized in Canada and a very much smaller chance if returned to this country where food is short and beds are scarce.

4. For our own good name in the matter, I should much prefer to see us take the thick with the thin in the 3,000 we have already received and stop there—than have us make the reception of an additional thousand dependent on the United Kingdom's willingness to take and treat the hundred unfortunates who were inadvertently included in the first party.

257.

DEA/621-PF-40

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

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

TELEGRAM 2131

Ottawa, December 10, 1946

SECRET. Following from Riddell, Begins: Your telegram No. 2303 of December 1st, Polish veterans.

My immediately following telegram† contains text of letter dated December 9th to Pearson from MacNamara.†

You will see that MacNamara is now willing to have tubercular cases treated in Canada but wishes United Kingdom Government to be asked to bear the cost which will be between eighty thousand and ninety thousand dollars.

In absence of Mr. Pearson, Macdonnell discussed this question this morning with Mr. St. Laurent. Latter is concerned lest any relaxation of general immigration policy should be made more difficult by accepting responsibility for hospitalization of these Poles. He has, therefore, asked that you discuss the situation frankly with United Kingdom authorities. Mr. St. Laurent would take the line that there had been error on both sides, since the United Kingdom had not provided adequate facilities for complete medical examination and Canada had not insisted on X-Ray examination before accepting the Poles. If outcome of such discussions were a suggestion that

Canada and the United Kingdom divide equally between them costs of hospitalizing tubercular cases, Mr. St. Laurent would probably be prepared to recommend such a solution to Cabinet. Ends.

258.

DEA/621-PF-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] December 18, 1946

POLISH VETERANS IN CANADA; MEDICAL TREATMENT

At the meeting of the Cabinet on December 18th, it was reported that, while the first group of Polish veterans brought to Canada for agricultural labour under the government plan were satisfactory, there were, despite examination overseas by Canadian doctors, some 74 active and 76 questionable cases of tuberculosis among the 3,000.

It was agreed that tuberculosis cases among the Polish veterans already in Canada be treated by the Department of Veterans Affairs and that the U.K. government be requested to share equally with the Canadian government the costs of such treatment.

It was also agreed that the Department of Labour assume the cost of such treatment if the U.K. government were unwilling to assume any share of the cost, and that categorical instructions be given that a thorough physical examination be conducted in the case of all remaining Polish veterans intended to be brought to Canada under the government scheme.

259.

DEA/621-PF-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre du Travail*

*Under-Secretary of State for External Affairs  
to Deputy Minister of Labour*

Ottawa, December 31, 1946

We have had some correspondence with our Embassy in Washington concerning the Polish refugee camp at Colonia Santa Rosa, Leon, Gto., Mexico, for which the United States has assumed a share of responsibility.

The State Department have forwarded through our Embassy in Washington the enclosed list of refugees† in this camp who came to Mexico from the Middle East and who had relatives in the Polish Army in Italy or the United Kingdom. They would like to know whether any of the soldiers listed here are included in the Polish veterans brought to Canada from Italy. I would be grateful to know whether or not it would be possible to provide this information for the State Department.

We have already informed the United States authorities that we would not consider admitting any such relatives to Canada, at least until the Polish veterans had fulfilled their two years contract and had been granted permanent landing.

R. G. RIDDELL  
for the Under-Secretary of State  
for External Affairs



CHAPITRE V / CHAPTER V

ÉNERGIE ATOMIQUE

ATOMIC ENERGY

260.

DEA/201-B

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] January 3, 1946

UNITED NATIONS ORGANIZATION; CANADIAN DELEGATION;  
INSTRUCTIONS; COMMISSION ON ATOMIC ENERGY

At the meeting of the Cabinet on January 3rd the Prime Minister's recommendations for the constitution of the delegation and financial provision therefor were approved. Orders in Council to this effect were subsequently passed.

Mr. King also submitted the draft instructions to the delegation which were read, considered section by section, and approved.

The Prime Minister also reported upon the invitation received from the three Great Powers to have Canada join in sponsoring the resolution for establishment of a commission on atomic questions. Action in the sense of the draft note of January 3rd<sup>1</sup> to the United States Ambassador, which was read to the Cabinet, was approved.

261.

DEA/201

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

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

No. 1

Ottawa, January 3, 1946

Sir,

I have the honour to acknowledge receipt of your note No. 425 of December 27th in which you transmitted a communication from the Secretary of State of the United States in his capacity as chairman of the meeting in Moscow of the Foreign Ministers of the United States of America, the Union of Soviet Socialist Republics and the United Kingdom, at which consideration was given to the establishment by the United Nations Organiza-

<sup>1</sup> Voir le document suivant.

<sup>1</sup> See following document.

tion of a Commission to deal with the problems raised by the discovery of atomic energy and other related matters.

I have been glad to learn that the Foreign Ministers of the three Governments represented at the discussions in Moscow have reached agreement that their delegations, together with the delegations of Canada, France and China if this is acceptable to them, should jointly sponsor a resolution at the first General Assembly of the United Nations, providing for the establishment of a Commission to undertake the tasks which were outlined in the agreed declaration issued by President Truman, Prime Minister Attlee and myself in Washington on November 15th, 1945.

The Government of Canada is prepared to join with the Governments of the United States of America, the Union of Soviet Socialist Republics and the United Kingdom, as well as with the Governments of France and China if they so agree, in sponsoring the resolution of which the terms were set forth in your note. In accepting the invitation of the three Governments represented at the Moscow meeting, the Government of Canada has taken note of the statement made by the Secretary of State of the United States in a speech delivered in Washington on December 30th as follows:

The Security Council can give directions to the commission, and restrain publication of reports detrimental to peace and security, but such action can be taken only with the concurrence of all its permanent members. Failure of the Security Council to act cannot block the work of the commission.

Accept etc.

W. L. MACKENZIE KING

262.

DEA-CEW/3

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

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

TOP SECRET

Washington, January 18, 1946

Dear Norman [Robertson],

With reference to the meetings of our sub-committee<sup>1</sup> to draw up a new draft Memorandum of Agreement and Declaration of Trust for the Combined Policy Committee, I am attaching herewith a communication† from Roger

<sup>1</sup> Les membres de ce sous-comité étaient M. Pearson, Roger Makins, ministre, l'ambassade de Grande-Bretagne aux États-Unis, et le Général L. R. Groves, chef des opérations, sous-chef de la construction, division de la construction militaire, aux États-Unis, armée des États-Unis. (Responsible, Manhattan Project).

<sup>1</sup> The members of this sub-committee were Mr. Pearson, Roger Makins, Minister, Embassy of Great Britain in United States, and General L. R. Groves, Chief of Operations, Deputy Chief of Construction, Division of Military Construction in United States, United States Army. (Officer in charge, Manhattan Project).

Makins on this subject, together with a re-draft of the documents in question.† As Makins states, the London changes are merely of a drafting character. Therefore, the only outstanding point at the moment is paragraph 6 of the re-draft of the Memorandum of Agreement, on which we have not yet heard from General Groves. Makins believes, and I am inclined to agree with him, that Groves will stick to his earlier wording, which implies something less than 100% co-operation on exchange of information, and that we will then have to submit alternative paragraphs to the Combined Policy Committee for their decision.

We will have one further meeting of the sub-committee next week and then turn our drafts over to Secretary of State Byrnes, who will no doubt call a meeting of the Combined Policy Committee when he returns.

All this gives the Government a couple of extra weeks in which to make up its mind on the fundamental question of participation in these Agreements and in the machinery they set up. As you know, I discussed this matter with the Prime Minister when I was in Ottawa and he was inclined to think that it would be difficult for us to withdraw now. Notwithstanding earlier doubts on the subject, I am inclined to agree with him. In any event, I think that it will be impossible for us to accept the draft Memorandum of Agreement without accepting the draft Declaration of Trust.

George Bateman is going to Ottawa on Monday and I am giving him a copy of these documents. He will take them up with Howe, and I hope will be able to return to Washington later in the week with a definite decision from the Government in respect of the policy questions involved.

Yours sincerely,

L. B. PEARSON

263.

DEA/201

*Le secrétaire du Cabinet à l'ambassadeur aux États-Unis*

*Secretary to the Cabinet to Ambassador in United States*

TOP SECRET AND PERSONAL

Ottawa, January 31, 1946

Dear Mike [Pearson],

There was an opportunity of bringing briefly before the Cabinet, yesterday, the general question of Canadian participation in the proposed tripartite agreements for the Combined Policy Committee and the Combined Development Trust. You will remember that I spoke to you on the telephone about the re-drafted documents† which you sent up to Norman with your letter of January 18th, copies of them being made available to me by George Bateman when he was here.

Mr. Howe had previously been over the documents with Bateman and was satisfied that they represented a reasonably satisfactory basis for Cana-

dian participation. As you know he has not been very happy about our recent relations with the U.K. people, particularly as a result of the withdrawal of Cockcroft<sup>1</sup> without any consultation with us. After speaking to Mr. Howe I felt justified in telling you, over the telephone, that for the purposes of the drafting committee you might take it that the re-drafts were satisfactory from the Canadian point of view.

The discussion at yesterday's meeting of the Cabinet was pretty peremptory. Mr. Howe stated that the revised documents would provide reasonable working arrangements. With respect to the Trust, it was clear that there was no financial responsibility on the Canadian government, though we would become full members with the United States and the United Kingdom. As a result, I was able to record the fact that the Cabinet approved Canadian participation in the Committee and the Trust, on the basis described by Mr. Howe and along the lines of the draft documents referred to.

This represents a step forward but I am rather concerned, nevertheless, for, apart from Mr. Howe, none of the Ministers (including the Prime Minister) has any clear understanding of what is involved. Certainly, before the documents are approved for signature there will have to be a further discussion in Cabinet. Meantime you at least have confirmation that the government are satisfied to have the drafts go forward to the Committee.

I confess that I am somewhat baffled myself by our position in the Trust. We are full members although I take it our voting strength is one out of six, as compared with the United Kingdom two and the United States three. We are excluded from liability for the provision of funds under Section 6 and I gather from George Bateman that the Trust is to acquire from Canada all unallocated materials for which, presumably, we are to be paid by the Trust.

I should be glad to learn what progress was made at the drafting committee meeting last week and when you now anticipate that the Combined Policy Committee will next meet. Mr. Howe is planning to leave Ottawa on or about February 15th for about a month so that if the meeting takes place in that period you will presumably be asked to represent him again. If final approval of the documents is likely to be asked in the interval, I should like to know, at once, so that we may make arrangements to have further Cabinet consideration given to the problem.

Yours sincerely,

A. D. P. HEENEY

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<sup>1</sup> Sir John D. Cockcroft, un physicien britannique, était le directeur de la division de l'énergie atomique du Conseil national de recherches.

<sup>1</sup> Sir John D. Cockcroft, a British physicist, was the Director of the Atomic Energy Division of the National Research Council.

264.

DEA/201-B

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

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

TELEGRAM 358

London, February 7, 1946

TOP SECRET. ASDEL No. 67. Following from Wrong, Begins: Atomic Energy Commission.

1. From what we have been able to learn here, it does not appear that either the United Kingdom or the United States Government has as yet come to any very definite conclusions regarding arrangements for the establishment and composition of the Atomic Energy Commission. We have, however, gathered from informal talks with United Kingdom and United States officials some indication of their preliminary views on the subject.

2. It is not now proposed to have any organizational meeting of the Commission in London. The United States delegation consider that the earliest probable date for the first meeting of the Commission would be April 1st. The nomination of the American representative on the Commission will have to be confirmed by the Senate and this is, no doubt, one cause for this delay. The first meeting will probably be called on the initiative of the Secretary General. The Commission will hold its meetings at the Headquarters of the United Nations. The Americans are quite definite on this point.

3. With regard to representation, the United States authorities appear to be thinking of Dr. Conant of Harvard as their principal representative. He would combine scientific knowledge with considerable experience in public affairs. He would have a political adviser drawn from among the senior officials of the State Department.

4. The United Kingdom Government have not, as yet, come to a decision regarding their representative. It is quite likely that some States may name scientific experts as their representatives while others may prefer to be represented by a diplomat or a politician.

5. With regard to the relationship between the Security Council and the Atomic Energy Commission, it seems apparent that there will be very close coordination in all matters respecting security. Indeed, this is provided in Section 2 (b) of the resolution setting up the Commission. It is, moreover, difficult to imagine any important development in the field of atomic energy which does not have some security aspect. From our talks with American and United Kingdom officials here, it appears that a continuous relationship between these two bodies is contemplated. The Security Council would give guidance and direction to the work of the Atomic Energy Commission. For its parts the Atomic Energy Commission might be expected to put before the Security Council suggestions as to the nature of the tasks upon which it should embark.

6. The position of Canada in this connection may call for further consideration in view of the fact that Canada is the only country which is a member of the Atomic Energy Commission but not of the Security Council. This position will present certain difficulties. We should have no part in the decisions of the Security Council when these affect the nature of the work to be undertaken by the Atomic Energy Commission, nor should we be represented on the Security Council when the reports of the Atomic Energy Commission are under consideration, nor when the questions of their publication or transmission to the organizations of the United Nations and member States are being considered.

7. In the circumstances, it is for consideration whether Canada should not participate under Article 31 of the Charter in meetings of the Security Council whenever the subject of atomic energy is before the Council. We should have a strong case for making such a request in view of Canada's contribution to the development of atomic energy. Our special position in the matter has, of course, been recognized by our permanent membership in the Atomic Energy Commission. We could reasonably argue that this is a matter in which the interests of Canada are "specially affected". It may perhaps be anticipated that neither the United Kingdom nor the United States Governments would be opposed to participation by Canada. It will also be recalled that under the Charter the veto cannot function to prevent the participation of States whose interests are specially affected by questions under discussion in the Security Council.

8. No question relating to the work of the Commission is now on the agenda of the Security Council. It might happen, however, that the U.S.S.R. or some other member might raise the matter in the Council before the Commission assembles. If it is felt that we should seek participation, as suggested in paragraph 7, we may have to act without much notice and it might be well to prepare the ground by making known our views privately to several delegations before the Assembly rises. I hope, therefore, that consideration can be given to this suggestion as soon as possible. Ends.

265.

DEA-CEW/3

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

TELEGRAM WA-692

Washington, February 8, 1946

IMMEDIATE. TOP SECRET. Following for Robertson from Pearson, Begins: I have just received your EX-408† and EX-409† of today's date on the question whether we should participate in discussions at the Security Council on atomic questions. I think we should request such participation under Article 31 because otherwise we would be at a disadvantage on the Atomic Commission over its other members whose governments would also be represented on the Council. I do not see how anyone could object to such a

request. The criterion for participation under Article 31 is that the interests of a member are specially affected. The fact that we were chosen unanimously for membership on the Atomic Commission is a recognition by the Assembly that this criterion applies to us. This would also be the case when atomic questions were being discussed by the Council. There should, therefore, be no objection to our participation in Council discussions of this question. I think the argument (though we could not use it publicly) for such participation is strengthened by our membership on the Combined Policy Committee. On the whole, therefore, I think we would be well advised to take the preparatory action suggested in the third sentence of paragraph 8 of Wrong's telegram. Ends.

266.

DEA/201-B

*Le ministre de la Reconstruction et des Approvisionnements  
au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Reconstruction and Supply to Under-Secretary of State  
for External Affairs*

TOP SECRET

Ottawa, February 9, 1946

Dear Mr. Robertson,

Thanks for your letter of February 8th,<sup>†</sup> enclosing copy of telegram No. 358 of February 7, from our High Commissioner in London, regarding the present state of plans for the establishment of an Atomic Energy Commission.

With reference to paragraphs 7 and 8, it would seem most unlikely that the Security Commission would fail to adopt the policies laid down by the Atomic Energy Commission. Should such an unlikely event occur, it seems to me that Canada could then invoke Article 31 of the Charter, and demand the right to attend meetings of the Security Council whenever the subject of atomic energy is before the Council. I see no purpose in making such a demand at this time. While Canada is in a special position at the moment, other countries would be able to make similar claims as the years go by, the net result being less satisfactory than that which obtains at the moment.

I regard it as important that Canada continue to work with the United States and the United Kingdom on policy matters having to do with atomic energy. This being so, our policies will be ably stated to the Security Council through our partners, both of whom are members.

Not having been elected to the Security Council, it seems to me that Canada should have a better reason than that now being advanced for claiming the right to attend the meetings.

I hope that my views will be helpful in enabling you to reply to the cable from our High Commissioner.

Yours sincerely,

C. D. HOWE

267.

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

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

TELEGRAM 364

Ottawa, February 9, 1946

IMMEDIATE. TOP SECRET. ASDEL No. 26. Following for Wrong from Robertson, Begins: Your ASDEL No. 67 of February 7th. I have consulted the Prime Minister and he agrees that you should seek participation of Canada in meetings of Security Council under Article 31 of the Charter when the subject of atomic energy is before the Council.

This is clearly desirable, as otherwise we would be at a disadvantage in relation to other members on the Atomic Commission who are represented on the Council. I do not see how any real objection could be raised to such a request. The fact that the Assembly has given approval unanimously to our membership on the Atomic Commission is in a sense a recognition that the criterion of participation employed in Article 31 applies to us. Ends.

268.

DEA/201-B

*Le représentant, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Representative, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

TOP SECRET

London, February 15, 1946

Dear Mr. Robertson,

Following receipt of your telegram No. 364 of February 9th, concerning the Atomic Commission, we have consulted a number of delegations to sound them out on the desirability of Canada being invited to sit with the Security Council whenever matters relating to the Atomic Commission are under discussion. So far we have not encountered any opposition to this view. Sir Alexander Cadogan told me yesterday that the United Kingdom representative would propose the participation of Canada under Article 31 of the Charter when atomic questions came up for the first time, unless the United States member took the initiative in the matter. The Brazilian representative, who will continue to be Mr. de Freitas Valle, and who assumes the presidency of the Council on February 17th, cordially agreed that the Canadian representative should be present.

We have not spoken to Mr. Stettinius,<sup>1</sup> but we have discussed the whole question of the operation of the Atomic Commission with several members of the United States delegation. Mr. Achilles<sup>2</sup> has promised me that he will see that our views are made known both to those of his delegation who are concerned with the Security Council, and to the Department of State. Mr. Wilgress, before he leaves tomorrow, will mention the matter, if he can find an opportunity, to Mr. Gromyko.

I am satisfied that we should not put in a general request at this stage to the President of the Council, but should wait until some question relating to the work of the Commission appears on the Agenda. There has been talk of an initial meeting being held in London, but I feel sure that if this is done it will merely be to settle the date on which the Commission will begin to operate. The whole subject has so far been completely non-contentious although I doubt that this harmony will endure for very long.

I am sending a copy of this letter to Mr. Massey together with our exchange of telegrams on the subject so that if a meeting of the Commission should be called before the Security Council moves to the United States (which Mr. Stettinius is very anxious to bring about immediately) he will be in a position to follow the matter up.

Yours sincerely,

H. H. WRONG

269.

DEA/201-B

*Mémorandum du secrétaire général, la délégation à l'Assemblée générale des Nations Unies, au représentant<sup>3</sup>, la délégation à l'Assemblée générale des Nations Unies*

*Memorandum from Secretary-General, Delegation to the General Assembly of the United Nations, to Representative<sup>3</sup>, Delegation to the General Assembly of the United Nations*

SECRET

London, February 17, 1946

Mr. Wilgress asked me to let you know about the curious dinner party he attended last Friday as Vyshinsky's guest, at the Soviet Embassy. The other guests were the Persian, Egyptian, Mexican, Lebanese, Syrian, Danish and Norwegian delegates. A Brazilian, though not Freitas Valle, was there, and Sir Ramaswami Mudaliar also attended. The best of relations seemed to exist between the Russians and the Persians, who were the guests of honour. Canada appeared to be second and Mexico third.

<sup>1</sup> L'ambassadeur des États-Unis aux Nations Unies.

<sup>1</sup> Ambassador of the United States to the United Nations.

<sup>2</sup> Secrétaire, l'ambassade des États-Unis en Grande-Bretagne.

<sup>2</sup> Secretary, Embassy of the United States in Great Britain.

<sup>3</sup> H. H. Wrong.

M. Vyshinsky proposed the toast, "To the great and small powers", upon which Manuilsky shouted from his end of the table, "Canada is both a great and a small power". Mr. Wilgress responded to the toast by drinking to friendly relations with the U.S.S.R. Thereupon, Al Khoury of Syria proposed a toast to Stalin, "who, as the recent sessions of the Security Council have shown, is a real friend of the small powers".

After the dinner, Mr. Wilgress mentioned to Vyshinsky our desire to participate in Security Council discussions whenever Atomic Energy was discussed. Vyshinsky was non-committal: "We will think about it", he said. Gromyko, with whom Mr. Wilgress also broached the subject took the same line, but added that first an important question had to be settled—that of voting procedure in the Atomic Energy Commission. Mr. Wilgress remarked that since the Commission was set up by the Assembly, he assumed that the Assembly's voting rules would apply. Gromyko replied, "But not when questions relating to security arise—in such questions the concurrence of the five permanent members is essential". The subject was not pursued any further. I think Mr. Wilgress said that he was under the impression that Gromyko's purpose in raising the question of voting was to see whether we would be prepared, in return for Soviet support for our position, to support the Soviets on voting.

Gromyko also made a point of telling Mr. Wilgress that he admired "Mike" Pearson and that the only reason the Russians could not support him for Secretary General was that the seat of the Organization was in North America and that it would look strange to have a North American for that post.

L. M[ALANIA]

270.

DEA/201

*Mémoire du ministre de la Reconstruction et des Approvisionnements  
au secrétaire du Cabinet*

*Memorandum from Minister of Reconstruction and Supply  
to Secretary to the Cabinet*

TOP SECRET

Ottawa, March 23, 1946

Thanks for your memorandum of March 20th† re atomic energy problems. We have discussed the subject matter of your memorandum, and I believe that you know my views.

This morning a conference was held in my office with the High Commissioner for the U.K., in the presence of Mackenzie, Sir James Chadwick,<sup>1</sup> Dr. Cockcroft and Mr. Stephen L. Holmes, in the course of which the rela-

<sup>1</sup> Physicien britannique.

<sup>1</sup> British physicist.

tions between the Chalk River project and the U.K. were thoroughly discussed. There seemed to be little difference of opinion between us at the conclusion of the discussion.

In short, it was agreed that Canada would be in complete control of the Canadian project, just as the United Kingdom will be in complete control of the U.K. project. A free interchange of personnel between the two projects will be permitted by arrangement with the Directors of each project. It will be necessary for Canada to find a successor to Dr. Cockcroft,<sup>1</sup> who will probably leave Canada around the end of June. Consideration is being given to the appointment of a Canadian who has been in the United States and associated with atomic energy developments there for the past several years, as well as to a scientist in the United Kingdom who is highly recommended by Sir James Chadwick and Sir Stafford Cripps.<sup>2</sup> Whereas Dr. Cockcroft is in the employ of the U.K., it is understood that the new Director will be in the employ of the Canadian Government and not responsible to any other authority. This is the position which Mackenzie and I have been seeking for some time.

All those present expressed some concern about the United Nations Atomic Commission and its relation to existing projects. It is felt that extreme care must be taken, in the early stages at least, to make sure that information with regard to the projects is not widely disseminated to the United Nations Atomic Commission.

Those present felt that the new Combined Policy Agreement and the new Combined Development Trust Agreement would be signed ultimately, and that probably these agreements would be filed with the United Nations Atomic Commission. The chief difficulty at the moment seems to be that the members of the Combined Policy Committee have not devoted the necessary study to the atomic energy problems.

I have asked Mr. Gavsie<sup>3</sup> to send you a copy of his draft Bill to provide for domestic control of production, research and development of atomic energy.

Regarding an advisory panel for the Canadian member of the United Nations Atomic Commission, there seemed to be general agreement that this might consist of George Bateman as Alternate, and that the others be Mackenzie (scientific), Pearson (political), Solandt (military), and Heeny (External Affairs); this for consideration of the Prime Minister.

C. D. HOWE

<sup>1</sup> Voir la note 2, document 263.

<sup>2</sup> Président du *Board of Trade* de Grande-Bretagne.

<sup>3</sup> Conseil général, ministère de la Reconstruction et des Approvisionnements.

<sup>1</sup> See footnote 2, Document 263.

<sup>2</sup> President of the Board of Trade of Great Britain.

<sup>3</sup> General Counsel, Department of Reconstruction and Supply.

271.

DEA/201

*Le ministre de la Reconstruction et des Approvisionnements  
au directeur général, le bureau de Washington,  
le ministère de la Reconstruction et des Approvisionnements<sup>1</sup>*

*Minister of Reconstruction and Supply to Director General,  
Washington Office, Department of Reconstruction and Supply<sup>1</sup>*

TELEGRAM

Ottawa, April 15, 1946

IMMEDIATE. TOP SECRET. Reference meeting of Policy Committee. You have doubtless seen despatches [*sic*] from Canadian Ambassador numbered WA-1582, † WA-1583 † and WA-1614. †

From these you will see that our U.K. friends seem to be moving toward obtaining control both of the operation of the Eldorado mine and the output therefrom. Canada cannot agree to this and if there is no other alternative we would do well to refrain from holding a membership in the Trust.

Canada has no objection to allocation by the Trust of Eldorado production after Canadian needs for the product have been filled, but you will agree that Canada must be free to operate the mine in such manner as Canada will decide, having in mind transportation and other difficulties associated with its operation.

Provided a reservation to this effect can be inserted, I have no objection to Canada being a member of the Trust. While we would like to have the Trust buy our surplus material, the price for an agreement to do so is too high if to obtain it we must surrender all Canadian control of the output.

Hope you can guide Pearson in amending any draft agreement.

I will be at Royal York Hotel, Toronto, all day Monday, where you can telephone me should further consultation be desirable.

As I see the situation, Canada has no particular interest in division of material other than that produced in Canada. Ends.

272.

C.D.H./Vol. 5

*Le directeur général, le bureau de Washington, le ministère de la  
Reconstruction et des Approvisionnements, au ministre de la  
Reconstruction et des Approvisionnements*

*Director General, Washington Office, Department of Reconstruction  
and Supply, to Minister of Reconstruction and Supply*

TOP SECRET

Washington, April 15, 1946

Dear Mr. Howe,

At the meeting of the C.P.C. this afternoon little was accomplished except to emphasize the fundamental differences between the U.S. and the U.K. Last

<sup>1</sup> Ce télégramme fut expédié par l'entremise du ministère des Affaires extérieures (télégramme EX-1053).

<sup>1</sup> This telegram was despatched through the Department of External Affairs (telegram EX-1053).

fall the President and the Prime Ministers issued a joint statement calling for full and effective cooperation in the field of atomic energy and authorizing the C.P.C. to draft plans for following this out. Several drafts were prepared and submitted to the respective Governments but at the last meeting of the C.P.C. Byrnes took the position that he was not in favour of an international agreement, which would have to be filed with the U.N. and which might be considered as sabotaging its efforts. In an effort to overcome this the British prepared a memorandum, copy of which you have, which they felt might be simply taken as a minute of the C.P.C.

At today's meeting it was generally recognized that the British proposal was only a subterfuge and that no such document as had been considered could be drafted without its constituting a new agreement which it would be necessary to file with the U.N.

Pearson suggested that another joint memorandum might be drawn up which would restate the desire for full and effective co-operation in the field of atomic energy under the auspices of the U.N. but point out that as it might be some time before the U.N. would be in a position to function and before adequate safeguards could be assured, the three Governments would continue to cooperate as they had in the past.

The real pressure behind the British desire to have a firm agreement and a definition of "full and effective cooperation" lies in the fact that they are designing a plant and need a good deal of information from the U.S. on engineering design, construction and operation. They state that since V-J Day there has been practically no interchange of information of any value and in the meantime they cannot proceed with the work they have undertaken.

There seems to be a great deal of uncertainty as to what the President and Prime Ministers meant by "full and effective cooperation". The British interpret it as meaning that they should receive the information they want from the U.S. while the U.S. claim that President Truman did not have in mind the construction of another plant by the U.K. It would appear that the only way in which the matter could be settled would be by an interchange of letters between the President and the Prime Ministers stating just what they had in mind and defining what is meant by "full and effective cooperation". It is quite obvious that the U.S. does not want to give the U.K. the information desired and I would consider it doubtful if any solution satisfactory to the U.K. will be found.

There was general agreement that the C.P.C. itself could not do anything further in the matter without more specific instructions and more specific information as to just what the President and the Prime Ministers had in mind.

The other major point taken up at the meeting dealt with the allocation of raw materials. The British on the one hand request that allocations, subsequent to V-J Day, should be in accordance with the financial commitment, that is, a fifty-fifty division. The Americans on the other hand ask for a firm allocation of 250 tons per month. Receipts from the Congo are estimated at 330 tons per month, which would leave a somewhat uncertain balance of 80

tons per month for the U.K., which estimates its requirements at 1500 tons a year or 125 tons per month. Recent reports from the Congo, which I have not yet had an opportunity of going into, seem to indicate a shorter life to the mine than was originally estimated, and if this proves to be the case, the British might find themselves with a plant calling for 1500 tons a year and only have a few hundred tons available.

As it was quite obvious that the matter could not be settled at the meeting this afternoon, a small subcommittee consisting of two representatives each from the U.S. and U.K. was appointed. Canada was asked to appoint a representative but as the question involves one of having to do with the purchase of materials with Trust funds to which we are not a contributor, we took the position that we should not appear in the matter officially. I was, however, asked to attend the meetings unofficially and this I agreed to do. I think there is a fairly strong possibility that if a solution is not found which is satisfactory to the British, they may withdraw from the Trust.

Yours sincerely,

G. C. BATEMAN

273.

DEA/201-F

*Procès-verbal d'une réunion de la Commission consultative  
sur l'énergie atomique*

*Minutes of a Meeting of the Advisory Panel on Atomic Energy*

TOP SECRET

[Ottawa,] April 16, 1946

FIRST MEETING, APRIL 16, 1946

The following were present:

Mr. Heeney,  
General McNaughton,  
Dr. Mackenzie,  
Mr. Solandt,  
Mr. Ritchie,  
Mr. Ignatieff.

Mr. Heeney stated that at the meeting of the Cabinet on March 27th, it was agreed that an Advisory Panel be constituted to consist of appropriate officials to advise the Government on various aspects of atomic energy problems. The Panel includes Mr. Heeney as convener, General McNaughton, as the Canadian representative on the Atomic Energy Commission of the United Nations, Dr. Mackenzie, President of the National Research Council, Mr. Solandt, Director-General of Research, Department of National Defence, Mr. Bateman, as representative of the Department of Reconstruction and Supply, and members of the Department of External Affairs, including the Under-Secretary, Mr. Pearson and Mr. Wrong, and others as seem necessary. Mr. Ignatieff

is to act as secretary. It was understood that the Chiefs of Staff and requisite scientific advisers would be asked to participate in meetings of the Panel when this was deemed appropriate.

2. Mr. Heeney then outlined developments in the subject of international control of atomic energy, as well as plans for domestic control in Canada. There was still no information regarding the date on which the United Nations Atomic Energy Commission was to meet. Mr. Ritchie reported that, according to information he was able to obtain in New York, there appeared to be no date fixed for the meeting of the Commission. There was still much uncertainty in the policies of the United States and United Kingdom Governments in relation to the Commission.

3. Mr. Heeney said that he had heard from Mr. Pearson from Washington with regard to the meeting on April 15th of the Combined Policy Committee. The discussion had related to the registration of the tripartite agreement under the terms of Article 102 of the Charter, and to the allocation of raw materials to the Trust. The discussion had apparently been unsatisfactory and no agreements had been reached.

4. There had been some preliminary study of the problem of the international control of atomic energy on the part of the United Kingdom and the United States Governments. In the case of the United Kingdom, there was the Chadwick Memorandum, which represented a statement of the United Kingdom ideas about the operations of the United Nations Commission on Atomic Energy. This Memorandum, basing itself on the Washington Declaration, proposed that specialized information about the practical industrial application of atomic energy should not be communicated to other Governments until effective and enforceable safeguards, acceptable to all nations, had been devised. It envisaged, therefore a gradual order of procedure toward international control, commencing with the exchange of basic scientific information. The Panel thought that this memorandum reflected a very cautious approach to the problem which would not be productive of results for a long time. On the other hand, the Acheson Committee of the State Department had now made public a report of its Board of Consultants under Mr. Lilienthal, which represented a bold and constructive approach to the whole problem of the international control of atomic energy. It was noted that the report had not been adopted as official United States policy, and at this stage was regarded only as a basis for discussion. Until the attitude of the United States Government had been officially expressed in relation to the report, the Panel agreed that it would not be desirable for the Canadian Government to express any official view on a matter which was the subject of domestic controversy in the United States. It was agreed, however, that the Canadian Embassy in Washington should be requested to furnish an analysis of United States opinion on the report.

5. General McNaughton said that he was impressed with the Lilienthal Report as the most constructive policy which had been suggested in dealing with the problem of the international control of atomic energy. As regards

the technical details, he asked Dr. Mackenzie whether he agreed with the statement in the Report with regard to the denaturing of fissionable materials so that they could not readily lend themselves to the making of atomic explosives. The validity of this premise required confirmation. General McNaughton referred to the supplementary report presented on this question by General Groves and a group of United States scientists concerned with the Manhattan project. The opinion of this group confirmed that the denaturing process, by nature of the magnitude of the plant and processing involved, would be valuable in adding to the flexibility of controls, though it cannot by itself eliminate the danger of atomic warfare. Dr. Mackenzie stated that both on the basis of the qualifications of those who had expressed this opinion, and on the basis of his own experience, this supplementary report could be accepted.

6. As to the Canadian attitude to the Lilienthal Report, General McNaughton suggested that it should be accepted as the only positive step in the direction of effective international control that had been suggested to date, and that it should be welcomed, as the United States was obviously the only country in a position to take the initiative towards sharing the secrets of atomic energy production. The Panel agreed with this view, but felt that until the United States official attitude had been defined in relation to the Report, no official Canadian opinion on the Report should be expressed to the United States Government. However, the Report should be taken into consideration in defining the Canadian attitude to the international control of atomic energy, and once this had been done, the Canadian view should be communicated informally to both the United States and the United Kingdom Governments. This was agreed to.

7. The Panel thought that work should be put in hand to define the Canadian attitude to the problem under the direction of General McNaughton. Dr. Mackenzie stressed the importance of the Canadian supply position. Canada had not made any commitment in relation to the supply of raw material, with the exception of the existing contract with the United States Army for supplies from Eldorado. He did not think that Canada could be regarded as party to the Trust arrangements, although Mr. Bateman had been recently appointed by Mr. Howe as Canadian representative on the Combined Policy Committee. The recent United Kingdom proposal to the Combined Policy Committee that raw material should be shared in the proportion of 50% to the United States and 50% to the United Kingdom and Canada, should be resisted until the problem of the control of raw material is considered on the basis of long-term international control. It was agreed by the Panel that this should be the line of approach to recommend to the Government.

8. It was, therefore, agreed that a paper should be prepared in the Department of External Affairs, under the direction of General McNaughton, incorporating the general views of the Panel as expressed at the present meeting, and seeking to define the Canadian attitude to the problem of the international

control of atomic energy. The paper would take into account the Lilienthal Report and the political problems of international control. On the scientific side, it was agreed that Dr. Mackenzie's acceptance of the Groves Supplementary Report on the denaturing of fissionable materials would be accepted. The Canadian supply position would also be stated with the assistance of Mr. Leslie Thomson of the Department of Reconstruction and Supply.

9. It was agreed that a brief statement along these lines should be prepared by Mr. Ritchie and Mr. Ignatieff and would be available for consideration of the Panel at its next meeting.

10. On the question of the domestic control of atomic energy in Canada, Mr. Heeney explained that a draft bill had been prepared in the Department of Reconstruction and Supply, with the advice of the Department of Justice. The bill had been considered in draft form by Mr. Heeney and Mr. Wrong, and a revised draft was now in the course of preparation. The question was raised whether the bill had been considered in relation to the problem of the international control of atomic energy. The Panel expressed the view that they were satisfied that the bill provided the controls and the mechanisms necessary to enable Canada to fulfil its obligations under a system of international control of atomic energy. It was agreed that the draft bill would be available at the next meeting of the Advisory Panel.

11. Attention of the Panel was drawn to the final draft of the McMahon Bill which it was understood would be reported in the Senate this week. It was agreed that copies of the Bill would be available to all members of the Panel before the next meeting.

12. In conclusion, it was agreed that the next meeting of the Panel would take place on Friday, the 26th April, at 3 p.m. in Mr. Heeney's room. Mr. Bateman would be invited to attend from Washington.

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DEA/201

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 73

London, April 17, 1946

MOST IMMEDIATE. TOP SECRET. Following for the Prime Minister from the Prime Minister, Begins: Pearson will have told you what happened at the meeting of the Atomic Energy Combined Policy Committee on April 15th. I am very gravely disturbed at the turn which the discussions took for I feel, that if we are to make any progress at all, we must agree on a working basis of cooperation between our three Governments at least to carry us over the period until we know the outcome of the work of the United Nations Atomic Energy Commission. I have, therefore, sent the immediately following telegram† to President Truman, urging that the Combined Policy Committee should make a further attempt to work out a satisfactory basis of cooperation and suggesting that as a last resort, the matter should be dealt with by the

Heads of the three Governments, each issuing instructions for the exchange of technical information. I am sure that you will appreciate how important it is that the deadlock which seems to have developed in the Combined Policy Committee should be broken and I hope that I may count on your support in this matter. Ends.

275.

C.D.H./Vol. 5

*Le ministre de la Reconstruction et des Approvisionnements  
au directeur général, le bureau de Washington,  
le ministère de la Reconstruction et des Approvisionnements  
Minister of Reconstruction and Supply to Director General,  
Washington Office, Department of Reconstruction and Supply*

TOP SECRET

[Ottawa,] April 18, 1946

Dear Mr. Bateman,

Thanks for yours of April 15th, giving me the outcome of the last meeting of C.P.C. It would look as though the last agreement on this subject has been signed, and that the U.K. will get very little further information with which to design their proposed pile.

The U.K. have requested Canada to furnish complete plans and specifications of the Chalk River development, which we have declined to do when we found that we were bound to secrecy on the design and that we cannot guarantee our U.S. friends secrecy if the plans are sent to the U.K.

I am inclined to think that the Trust agreement will lapse, and if so, no harm will be done as far as we are concerned. I feel that we will always find a market for our uranium regardless of the Trust.

Do you think that we should build a plant to manufacture uranium metal for our own pile or should we continue to depend on the U.S. for this? I am told that we would have no difficulty in building a plant that will refine ore into metal, should this be desirable. Your advice will be appreciated.

Please regard this letter as confidential between ourselves.

Yours sincerely,

C. D. HOWE

276.

DEA/201

*Mémoire du chef, la première direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

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

TOP SECRET

[Ottawa,] April 26, 1946

The information in the attached memorandum has been assembled from the files in the Department of External Affairs. The files do not, however,

give a complete and consistent picture of the complex problems involved. It may be, therefore, that at some points the attached memorandum should be expanded and corrected. Mr. Pearson's presence at the forthcoming meeting of the Advisory Panel on Atomic Energy should give an opportunity to fill in some of the gaps in the information available to the Advisory Panel.

[C. S. A.] R[ITCHIE]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du chef, la première direction politique*

*Memorandum by Head, First Political Division*

TOP SECRET

[Ottawa,] April 26, 1946

CANADIAN POLICY ON THE UNITED NATIONS ATOMIC ENERGY COMMISSION

The following memorandum makes an attempt to summarize the present position of Canada in relation to the international aspects of the problems connected with atomic energy. A copy of the resolution of the General Assembly setting up the Atomic Energy Commission is attached.† The plans simply for setting up the Commission are still quite indefinite, but it does not seem likely that the Commission will meet in the immediate future. Apart from other considerations there are two general explanations for the delay in setting up the Commission. In the first place, the drop in confidence in relations with the Soviet Union makes the present juncture unfavorable for embarking upon this new experiment in international cooperation. In the second place, the United States Government do not appear to have reached a decision as to their policy in the Atomic Energy Commission. Meanwhile, however, representatives on the Commission have been appointed by the United Kingdom, the United States, Brazil, Egypt, France, The Netherlands, Poland, Australia and Canada.

So far we have been able to obtain only a limited indication of the policies which the United Kingdom and the United States may be expected to advocate in the Commission. These seem likely to favour a cautious approach to the issues involved. In the course of informal talks with members of the United States delegation during the General Assembly in London in January, the Americans expressed the view that the first step might well be for the Commission to concern itself with the exchange of general scientific information and of scientists. This would be in accordance with paragraph 5 (a) of the terms of reference of the Commission. The United Kingdom Government, in a memorandum† prepared by Professor Chadwick and forwarded to the Department of External Affairs by the Office of the High Commissioner for the United Kingdom on March 28th, have adopted the same approach and have stated that in their view the attention of the Commission should be directed mainly towards the question of the exchange of basic scientific information and that "as the prospects of increased Russian cooperation have not

improved since these questions were discussed in Washington last year, the whole subject must be treated with caution." Meanwhile, with regard to the long-term thinking of the United States and United Kingdom Governments in contra-distinction to the immediate policy of caution indicated above, we have had an opportunity to see two documents: the first, a summary [of] a secret report of the British Joint Planning Staff on the control of atomic energy with which the British Chiefs of Staff have expressed their agreement (this document was received in strict confidence through the Canadian Joint Staff Mission in London); and the second, the report on the international control of atomic energy, issued by a board of consultants to the Department of State. The British Chiefs of Staff plan is based on the principle that the elimination of atomic weapons might be achieved by a convention renouncing the use of atomic weapons and by the establishment of an international inspectorate and control. In the interim period it is proposed that the United States nominally as the agent of the United Nations should hold her stock of atomic weapons.

The Lilienthal Report issued by the State Department is a much more imaginative and constructive document. It rejects the negative concept of outlawing atomic energy and enforcing such a prohibition by inspection, and proposes instead the creation of an international agency to conduct all intrinsically dangerous operations in the nuclear field, with individual nations and their citizens free to conduct under licence, and a minimum of inspection, all non-dangerous operations. It is proposed that the international agency referred to as the Atomic Development Authority should function under the United Nations. It would have the authority to own and lease property, to carry on mining, manufacturing, research, licensing, inspecting, selling or any other necessary operation.

The plan is based upon the belief backed by authoritative scientific opinion that operations in the field of atomic energy can be divided into those which are "safe" and "dangerous", and that U 235 and plutonium can be denatured and kept denatured so as not to lend themselves to the making of atomic explosives but can still be used with no essential loss of effectiveness for the peaceful applications of atomic energy. It is possible both in the case of U 235 and plutonium to remove the denaturant, but to do so would require rather complex installations and scientific and engineering skill of an appreciable order for this development.

The proposals contained in this report have not yet been adopted by the United States Government as the basis of their policy in the United Nations Atomic Energy Commission. Moreover, the report itself makes it very clear that these are long-term proposals. In the words of the report, "the consideration of the steps of transition by which the special position of the United States may be relinquished involves quite other values. The sequence, the ordering, and the timing of these steps may be decisive for the acceptability of the international controls, but will not affect its operability, therefore, they present problems of negotiation between the nations within the United

Nations Organization. In the course of agreeing upon a charter for the Atomic Development Authority such problems of negotiation, in our opinion, are separable from the nature of the objective of the negotiation." The report goes on to advocate that a limited category of information should be divulged in the early meetings of the United Nations Commission discussing these problems, but that this information should be "of a theoretical and descriptive nature and have in large part to do with the constructive applications of atomic energy. In our opinion, they are largely qualitative and they involve almost nothing of know-how." It is, therefore, clear that the adoption by the United States Government of this report would not necessarily involve any departure from the principle that the United Nations Atomic Energy Commission should proceed with caution and that its first step should be to consider the exchange of basic scientific information.

The Canadian Government have not as yet adopted any principles of policy for the direction of the Canadian representative on the Atomic Energy Commission. We have, however, raised informally with the United Kingdom and United States Governments the unique and somewhat anomalous position of Canada as a member of the Atomic Energy Commission, but not a member of the Security Council. This position would mean that Canada was excluded from consideration in the Security Council of matters arising out of the work of the Atomic Energy Commission. The United Kingdom and United States Governments have both indicated that they would support the participation of Canada, under Article 31 of the Charter, in meetings of the Security Council when the subject of atomic energy is before the Council. Unless, therefore, unexpected opposition should arise on the part of the Soviet Union (which did not oppose Canada's inclusion in the Atomic Energy Commission), it may be assumed that Canada will be able to participate in discussions having to do with atomic energy in the Security Council. It will be recalled, however, that under the terms of Article 31 Canada would not have the right to vote.

Another aspect of Canada's relationship to the problem of atomic energy is involved in our participation, in common with the United States and the United Kingdom, in the Combined Policy Committee set up under the Quebec Agreement. Close cooperation between the three Governments, which was begun during the war, is a matter of public knowledge, and the declaration issued at Washington last November made it clear that this cooperation had not been terminated. On the other hand, the problem arises of reconciling this special relationship with the obligations assumed by the three Governments under the Charter of the United Nations. The proposal to constitute new agreements regulating the position of the three parties to the Combined Policy Committee and the Combined Development Trust raises a special problem, because all Members of the United Nations are committed, under Article 102 of the Charter, to register all agreements with the United Nations Secretariat for publication. This is an embarrassment which Canada shares with the United States and the United Kingdom in relation to the special

arrangements to which we are a party. The Combined Policy Committee is now considering a United Kingdom proposal to continue tripartite cooperation under the Quebec Agreement, subject to certain adaptations and additions. (Under Article 102 only agreements entered into after the United Nations Charter comes into force are subject to the provision for registration with the United Nations.) The United States representative on the Combined Policy Committee has, however, opposed the United Kingdom proposal on the ground that it would merely be a legal subterfuge, as it would, in fact, constitute a new agreement. The United States Government have further raised the question whether any new agreement is required and have emphasized the undesirability of taking any action which would seem to prejudice the United Nations Atomic Commission.

A further complication has arisen between the United Kingdom and the United States Governments in connection with the exchange of information. The United Kingdom Government take the view that the agreement signed on November 16th last between the President of the United States and the Prime Ministers of the United Kingdom and Canada providing for the continuance in the post-war period of full and effective cooperation involves an obligation on the United States to give the United Kingdom industrial information necessary for the construction of plants in the United Kingdom. The United States Government are inclined to take the attitude that the agreement did not involve the exchange of industrial know-how. This question is evidently one of crucial importance, and it has been taken up in a direct communication from Mr. Attlee to President Truman. Meanwhile, the United Kingdom Prime Minister has asked for Mr. King's support in this matter.

In addition to their difficulties over the exchange of information, the United Kingdom and the United States Governments are in disagreement over the allocation of supplies of raw material. The United Kingdom Government consider that the United States proposals on this subject give them virtually no assurance of receiving any of the required material. They have put up an alternative proposal to the effect that the raw material supplies received should be divided on a 50-50 basis between the United States, on the one hand, and the United Kingdom and Canada on the other.

Canada's position as a supplier is not directly affected in these negotiations as the material in question is produced outside Canada. The total Canadian output of uranium is covered by a contract with the United States Army, terminable in 1947.

Canada's relationship to the Combined Policy Committee and even more to the Combined Development Trust has all along been somewhat peculiar. Our membership in the Combined Policy Committee seems never to have been in doubt, and Mr. Howe was in fact appointed a member under the Quebec Agreement, but doubt has all along existed as to whether Mr. Bateman (the Canadian representative) was a full member of the Trust. There has,

moreover, been considerable reluctance on the part of Canada to become a full member of the Combined Development Trust. The Canadian Government have not taken objection to the powers of the Trust to allocate Canadian uranium, but they have felt that these powers should be dependent on an undertaking that the Trust should purchase any Canadian uranium that was not sold direct either to the United States or the United Kingdom Governments. Moreover, the Canadian Government have been anxious to protect the full freedom of Canada to operate Eldorado Mine in such a manner as the Canadian Government may think suitable and not to have the operation of the mine brought under the direct control of the Trust.

These preoccupations were, however, apparently satisfactorily covered by re-drafts of the agreement between the United States, the United Kingdom and Canada with respect to the Combined Policy Committee and the Combined Development Trust, and on the basis of these re-drafts the Canadian Government decided on January 30th, 1946, that the draft agreements represented a satisfactory basis for governing Canada's relationships with the United States and the United Kingdom in these matters, and the Cabinet approved Canadian participation in the Committee and the Trust on that basis.

It will be seen that Canada's relationship to the problem of international control of atomic energy is a complex one. It is suggested that the Advisory Panel might begin its work by undertaking further study of certain aspects of the question with a view to clarification of the issues involved. The following are some of the questions which it seems necessary to study. Others will, no doubt, suggest themselves.

(1) Should the Canadian Government adopt as the principles to guide its long-term policy in this field proposals along the lines of those put forward in the report of the State Department Board of Consultants?

(2) When the Atomic Energy Commission is set up, will Canada support the view which will probably be advanced by the United Kingdom and the United States that the exchange of basic information should be the first stage in the Commission's work?

(3) Should Canada support or oppose in the Combined Policy Committee the conclusion of new Agreements with regard to the Combined Policy Committee and the Combined Development Trust?

(4) On the grounds that such arrangements may delay the coming into force of a genuinely international system of control of raw materials, should Canada withdraw from membership on the Combined Policy Committee and the Combined Development Trust?

(5) Should Canada support the United Kingdom (as requested by Mr. Attlee) in its case for obtaining from the United States further information on the know-how of industrial production?

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DEA-CEW/4

*Le conseiller, l'ambassade aux États-Unis, au secrétaire d'État  
par intérim des États-Unis*

*Counsellor, Embassy in United States, to Acting Secretary of State  
of United States*

TOP SECRET

Washington, April 29, 1946

Dear Mr. Acheson,

You will recall that at the last meeting of the Combined Policy Committee it was decided to ask for clarification of the interpretation of the Agreement of November 16th between the President, the Prime Minister of the United Kingdom and the Prime Minister of Canada concerning "full and effective co-operation in the field of atomic energy".

In the Ambassador's absence in Canada, I am instructed to say that Mr. Mackenzie King's understanding of the Agreement in this respect is indicated by the fact that the Canadian authorities, both during the war and in the postwar period, have provided the United States authorities with full information on all Canadian activities in this field. In particular, the United States authorities have had access to full information as to developments at Chalk River. In fact, a United States official is stationed there permanently and is in a position to secure a complete picture of the work going forward in the plant.

Yours very sincerely,

T. A. STONE

278.

DEA/201-C

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

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

No. 490

Ottawa, May 6, 1946

CONFIDENTIAL

Sir,

I have the honor to inform you that the United States Government being aware of the interest which Canada, as a nation having membership in the United Nations Atomic Energy Commission, has in the development and future significance of the atomic bomb, cordially extends an invitation to the Canadian Government to designate two observers to witness the atomic bomb tests (Operation Crossroads), which will be conducted in July and August on Bikini Atoll, Marshall's Group, subject to prior approval by the United

States Congress of the expending of naval ships for this purpose. The test in its entirety is an undertaking of the United States Government and not a combined or international operation.

Believing that the press should be represented at the tests, the United States Government wishes to invite the designation by the Canadian Government of one member of the press of Canada to attend as an additional observer.

The observers will be transported to the scene of the tests aboard a United States naval vessel leaving San Francisco on June 12. Information of general interest to prospective observers will be found in a memorandum† attached hereto.

The United States Government hopes that the Canadian Government will find it possible to accept this invitation. If so, I should appreciate being informed at your earliest convenience the names of the two governmental observers and one press observer, together with information regarding the mode of travel to the United States, the date and port of arrival and an indication whether reservations will be desired on the special train leaving Washington for San Francisco on June 8.

Accept etc.

RAY ATHERTON

279.

W.L.M.K./Vol. 234

*Mémorandum de la Commission consultative sur  
l'énergie atomique au Cabinet*

*Memorandum from Advisory Panel on  
Atomic Energy to Cabinet*

TOP SECRET

[Ottawa,] May 7, 1946

THE INTERNATIONAL ASPECTS OF ATOMIC ENERGY

In accordance with the decision of the Cabinet of March 27th, 1946, an Advisory Panel on Atomic Energy has now been constituted with appropriate representatives from the Departments of Reconstruction and Supply, External Affairs, National Defence, and the National Research Council. Two meetings have already been held in which the following persons have participated: Mr. Bateman (Department of Reconstruction and Supply), Mr. Pearson, Mr. Robertson, Mr. Wrong and Mr. Ritchie (Department of External Affairs), Dr. C. J. Mackenzie (National Research Council), Dr. O. M. Solandt (Department of National Defence), General A. G. L. McNaughton (Canadian representative, United Nations Atomic Energy Commission). Mr. A. D. P. Heeney was convenor of the meetings and Mr. G. Ignatieff (Department of External Affairs) acted as secretary.

The Advisory Panel now submit to the Cabinet for approval the attached memorandum containing the Panel's initial proposals concerning Canadian policy with regard to the international aspects of atomic energy.

For the Advisory Panel on Atomic Energy:

A. D. P. HEENEY  
 Convenor  
 G. IGNATIEFF  
 Secretary

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de la Commission consultative sur l'énergie atomique*

*Memorandum by Advisory Panel on Atomic Energy*

[Ottawa, May 7, 1946]

MEMORANDUM ON THE INTERNATIONAL ASPECTS OF ATOMIC ENERGY

UNITED NATIONS ATOMIC ENERGY COMMISSION

A copy of the Resolution of the General Assembly of the United Nations setting up the Atomic Energy Commission is attached (Annex A).† The date of the first meeting of the Commission is still unsettled. There appear to be two general explanations for the delay in setting up the Commission. In the first place, the drop in confidence in relations with the Soviet Union makes the present juncture unfavourable for embarking upon this new experiment in international cooperation. In the second place, the United States Government have not reached a decision as to their own policy in the Atomic Energy Commission. Meanwhile, however, representatives on the Commission have been appointed by all twelve member States.

The Canadian delegation to the General Assembly in London last January raised informally with United Kingdom and United States officials the unique and somewhat anomalous position of Canada as the only member of the Atomic Energy Commission which is not a member of the Security Council. This position would mean that Canada was excluded from consideration in the Security Council of matters arising out of the work of the Atomic Energy Commission. Those with whom the matter was discussed indicated that their Governments would be ready to support the participation of Canada, under Article 31 of the Charter, in meetings of the Security Council when the subject of atomic energy is before the Council. Unless, therefore, unexpected opposition should arise on the part of the Soviet Union (which did not oppose Canada's inclusion in the Atomic Energy Commission), Canada should be able to participate in discussions having to do with atomic energy in the Security Council. It will be recalled, however, that under the terms of Article 31 Canada would not have the right to vote.

So far we have been able to obtain only a limited indication of the policies which the United Kingdom and the United States may be expected to advo-

cate in the first sessions of the Commission. Both countries seem likely to favour a cautious approach to the issues involved. The United States authorities have indicated informally that in their view the first step might be for the Commission to concern itself with the exchange of basic scientific information and of scientists. This would be in accordance with paragraph 5 (a) of the terms of reference of the Commission. The United Kingdom Government favour the same procedure and take the view that "as the prospects of increased Russian cooperation have not improved since these questions were discussed in Washington last year, the whole subject must be treated with caution". (Memorandum forwarded to the Department of External Affairs by the High Commission for the United Kingdom on March 28th.) †

**RECOMMENDATION 1**—The Advisory Panel recommend that the Canadian representative on the Atomic Energy Commission should support the view which will probably be advanced by the United Kingdom and the United States that the exchange of basic scientific information and of scientists should constitute the first stage in the Commission's work.

#### LONG-TERM POLICY WITH REGARD TO THE INTERNATIONAL CONTROL OF ATOMIC ENERGY

The Advisory Panel have had before it the report of the Board of Consultants of the United States State Department on the international control of atomic energy (the Lilienthal report). This report, of which a brief summary prepared by one of the members of the Board is attached as Annex B, † rejects the concept of outlawing atomic energy and enforcing such a prohibition by inspection, and proposes instead the creation of an international agency to conduct all intrinsically "dangerous" operations in the nuclear field, with individual nations and their citizens free to conduct under licence and a minimum of inspection all "non-dangerous" operations. It is proposed that an international agency, referred to as the Atomic Development Authority, should function under the United Nations. It would be empowered to own and lease property, and to carry on mining, manufacturing, research, licensing, inspecting, selling or any other necessary operation.

The plan is based upon the belief, backed by authoritative scientific opinion, that operations in the field of atomic energy can be divided into those which are "safe" and "dangerous", and that U 235 and plutonium can be denatured so as not to lend themselves to the making of atomic explosives, but can still be used with no essential loss of effectiveness for the peaceful applications of atomic energy. It is possible both in the case of U 235 and plutonium to remove the denaturant but to do so would require rather complex installations and scientific and engineering skill of an appreciable order. It should be added that in a supplementary report issued by a group of outstanding scientists under Major General L. R. Groves, acting in consultation with the State Department, it is pointed out that

For the various atomic explosives the denaturant has a different effect on the explosive properties of the materials. In some cases denaturing will not completely

preclude making atomic weapons, but will reduce their effectiveness by a large factor. The effect of the denaturant is also different in the peaceful application of the materials. Further technical information will be required, as will also a much more complete experience of the peacetime uses of atomic energy and its economics, before precise estimates of the value of denaturing can be formulated. But it seems to us most probable that within the framework of the proposals advanced in the State Department report denaturing will play a helpful part.

The proposals contained in this report have not yet been adopted by the United States Government as the basis for their policy in the United Nations Atomic Energy Commission. Moreover, the report itself makes it very clear that these are long-term proposals. So far as immediate United States policy in the Atomic Energy Commission is concerned, the report advocates that a limited category of information should be divulged in the early meetings of the Commission, but that this information should be "of a theoretical and descriptive nature and have in large part to do with the constructive applications of atomic energy. In our opinion they are largely qualitative and they involve almost nothing of know-how".

RECOMMENDATION 2—The Advisory Panel were impressed with the Lilienthal report as the most constructive and imaginative approach yet made towards the long-term problems of the international control of atomic energy. It is recommended that if the United States Government were to put forward in the Atomic Energy Commission the Lilienthal report as a basis of discussion this should have the support of the Canadian representative.

#### RELATIONSHIP OF CANADA TO THE COMBINED POLICY COMMITTEE AND THE COMBINED DEVELOPMENT TRUST

A further aspect of Canada's relationship to the problem of atomic energy arises from our participation with the United States and the United Kingdom in the Combined Policy Committee set up under the Quebec Agreement. The tripartite declaration issued at Washington last November made it clear that the wartime cooperation between the three Governments has not been terminated. The question arises of reconciling this special relationship with the obligations assumed by the three Governments under the Charter of the United Nations. The proposal to enter into new Agreements regulating the position of the three parties to the Combined Policy Committee and the Combined Development Trust raises a special problem, because all Members of the United Nations are committed under Article 102 of the Charter to register all agreements with the United Nations Secretariat for publication. The Combined Policy Committee is now considering a United Kingdom draft designed to continue tripartite cooperation under the Quebec Agreement, subject to certain adaptations and additions. The United States Government are, however, reluctant to conclude new Agreements at this time. This situation raises several questions from the Canadian point of view.

- (a) The relationship of the Combined Policy Committee and Combined Development Trust to the United Nations.

RECOMMENDATION 3—It was the view of the Panel that the present tripartite arrangements do not conflict with obligations assumed under the United Nations and would not prejudice progress towards international control under the United Nations Atomic Energy Commission.

- (b) Canadian membership on the Combined Policy Committee and the Combined Development Trust.

On January 30th, 1946, the Cabinet decided that the draft Agreements between the United States, the United Kingdom and Canada with respect to the Combined Policy Committee and the Combined Development Trust would represent a satisfactory basis for governing Canada's relationships with the United States and the United Kingdom in these matters. Since that date these draft Agreements have been at any rate temporarily put on one side, and as stated above, the Combined Policy Committee is now considering a new United Kingdom draft.

RECOMMENDATION 4—It was the view of the Panel that Canada should not seek to withdraw from membership in the Committee and the Trust and should take no action which would have the effect of breaking up the present tripartite arrangements. While Canada should not actively advocate the conclusion of new Agreements, there would be no objection to a revision of the arrangements provided its terms did not prejudice Canadian interests. It was noted that an important Canadian interest related to raw material. (Canada's supply position is outlined under the heading below "Allocation of Raw Material".) Furthermore, Canada has a very important interest on general political grounds in the maintenance of United States and United Kingdom cooperation in this field until an international system of control has been established.

#### EXCHANGE OF INFORMATION

A further complication has arisen between the United Kingdom and the United States in connection with the exchange of information. The United Kingdom Government take the view that the secret Agreement signed on November 16th last (Annex C) † between the President of the United States and the Prime Ministers of the United Kingdom and Canada, providing for the continuance of full and effective cooperation, involves an obligation on the United States to give the United Kingdom industrial information necessary for the construction of plants in the United Kingdom. The United States Government take the attitude that the Agreement does not involve the exchange of industrial know-how. This question is evidently one of considerable significance. It is being dealt with by direct communication between the heads of the three Governments.

The Combined Policy Committee have been informed that the Canadian understanding of the Agreement is indicated by the fact that we have both

during the war and in the post-war period provided the United States authorities with full information on all Canadian activities in the field. In particular, they have access to full information as to developments at Chalk River. In fact, a United States official is stationed there permanently and is in a position to secure a complete picture of the work going forward in the plant.

#### ALLOCATION OF RAW MATERIAL

In addition to their difficulties over the exchange of information, the United Kingdom and the United States Governments are in disagreement over the allocation of supplies of raw material. The United Kingdom Government consider that United States proposals on this subject give them virtually no assurance of receiving any of the required material. They have made an alternative proposal to the effect that the raw material supplies received should be divided on a 50-50 basis between the United States, on the one hand, and the United Kingdom and Canada, on the other.

Canada's position as a supplier is not directly affected in these negotiations as the material in question is produced outside Canada. In this connection, the total output of Eldorado is covered by a contract with the United States Army which calls for the delivery of a specified number of tons by 1947. The contract comes to an end when this delivery is effected, at which time the Canadian Government will be free, if it so desires, to make other arrangements. Canadian production of uranium oxide is less than 300 tons per annum. Canada's production, while it makes a useful contribution towards meeting total United States requirements, represents a comparatively modest percentage of the total demand of the United States and the United Kingdom. The United States requirements are at present estimated at 250 tons per month, in addition to supplies being received from Canada, together with 300 tons spot delivery.

It is difficult to obtain a clear and authoritative picture of the world production situation. It is estimated that the Belgian Congo might be expected to produce from 3,300 tons to 4,000 tons of uranium oxide in 1946, but this source may be exhausted, or much depleted, in the near future. There are also possibilities of important deposits being developed in South Africa in the future which may substantially change the supply position in favour of the United Kingdom. It is also reported that there are deposits of the raw material in South Australia, but no estimate is as yet forthcoming as to possible production figures.

#### INSTRUCTIONS TO THE CANADIAN REPRESENTATIVE ON THE UNITED NATIONS ATOMIC ENERGY COMMISSION

The Advisory Panel has agreed that the approval of the Government should be sought for the views expressed in the above memorandum. It is proposed to prepare draft instructions to General McNaughton, Canadian

representative on the Atomic Energy Commission, on the basis of the views expressed in this memorandum if these views receive the approval of the Cabinet.

For the Advisory Panel on Atomic Energy:

A. D. P. HEENEY  
 Convenor  
 G. IGNATIEFF  
 Secretary

280.

DEA/50219-C-40

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures  
 à la première direction politique<sup>1</sup>*

*Memorandum from Associate Under-Secretary of State for External Affairs  
 to First Political Division<sup>1</sup>*

TOP SECRET

[Ottawa,] May 16, 1946

The following questions were considered at the meeting of the Cabinet held May 15th, 1946:

*Control of atomic energy in Canada.*

The latest revision of the draft bill for domestic control was submitted. On the previous day, the Cabinet had approved the terms of a resolution which now appears on the Order Paper.

Mr. Howe, in recommending approval in principle of the bill submitted, observed that appropriate amendments would have to be made so as to enable the operation of the Eldorado Mine and the Chalk River project to be carried on under the new Board. He also pointed out that certain other minor amendments would probably be required.

The Cabinet, after discussion, approved in principle the draft bill as submitted and agreed that it be printed for distribution subject to the amendments suggested by Mr. Howe.

Mr. Ignatieff is now engaged in settling with Justice and Reconstruction and Supply the terms of the revisions to be made. It is hoped that printing can go forward early next week.

*International aspects of atomic energy.*

The memorandum prepared under the auspices of the Advisory Panel was submitted and discussed.

The Cabinet approved the recommendations contained in the memorandum and agreed that instructions be prepared accordingly for the Canadian representative on the United Nations Atomic Energy Commission.

<sup>1</sup> À C.S.A. Ritchie et G. Ignatieff.

<sup>1</sup> To C.S.A. Ritchie and G. Ignatieff.

It is assumed that Mr. Ritchie and Mr. Ignatieff will now undertake the preparation of General McNaughton's instructions in accordance with this decision.

H. W[RONG]

281.

C.D.H./Vol. 5

*Le directeur général, le bureau de Washington, le ministère de la  
Reconstruction et des Approvisionnements, au ministre de la  
Reconstruction et des Approvisionnements*

*Director General, Washington Office, Department of Reconstruction  
and Supply, to Minister of Reconstruction and Supply*

TOP SECRET

Washington, June 5, 1946

Dear Mr. Howe,

In connection with the meeting of the U.N. Atomic Committee which starts on the 14th, there appears to be some differences of opinion as to the order of the topics to be taken up. The original proposal was that the Committee would begin with the consideration of ways and means of exchanging basic scientific information. I understand, however, that Baruch, the U.S. representative, might favour taking up first the question of a world survey of resources and raw materials. My personal opinion is that to do so would be a mistake. We might find that the U.S., the U.K. and Canada, who have control of most of the raw materials and who have most of the information regarding world resources, might be committed to give up a great deal of valuable information without getting very much in return, and then find that their attitude was not reciprocated by other countries. It would seem to me wise to deal first with the ways and means of exchanging basic scientific information and just what this would involve. This would serve as a test to see the extent to which other countries are willing to cooperate.

I do not know the extent to which you may have discussed this with General McNaughton but I thought I should give you my personal views.

Yours sincerely,

G. C. BATEMAN

282.

DEA/201-B

*Mémoire de la première direction politique au sous-secrétaire d'État  
associé aux Affaires extérieures*

*Memorandum from First Political Division to Associate Under-Secretary  
of State for External Affairs*

TOP SECRET

[Ottawa,] June 8, 1946

I attach a draft of provisional instructions for the Canadian representative on the Atomic Energy Commission. This draft has been prepared by myself

in consultation with Mr. Ritchie, and covers the main issues of substance which, according to our files, are likely to come before the Commission. I am preparing a separate note† on the provisional Agenda and our attitude on procedural matters.

In view of the meeting which has been arranged to take place in Mr. Howe's office on Tuesday, June 11th, to enable Mr. Howe and Mr. St. Laurent to discuss briefly the attitude of General McNaughton in the Commission, I presume that they would wish to see the draft of provisional instructions prior to the meeting. I have, therefore, prepared covering notes† for your signature if you approve the attached draft.<sup>1</sup>

G. I[GNATIEFF]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de la première direction politique*

*Memorandum by First Political Division*

TOP SECRET

[Ottawa,] June 7, 1946

DRAFT

PROVISIONAL INSTRUCTIONS FOR THE CANADIAN REPRESENTATIVE  
ON THE ATOMIC ENERGY COMMISSION

INTRODUCTION

The policies pursued by Canada as a member of the United Nations Atomic Energy Commission will necessarily be conditioned by our close association with the United States and United Kingdom Governments in atomic energy matters. The United States will call the tune in the Atomic Energy Commission. As the only possessor of atomic weapons, as the leader in the construction of production plants, and as the most powerful industrial nation in the world it is the policy pursued by the United States which will in the end be decisive. It is not suggested that we should slavishly follow United States policies. It is to be hoped that we may have constructive suggestions to make of our own, but we shall not wish to go further or faster than the United States and United Kingdom Governments are preparing to go in advocating international control.

2. So far we have been able to obtain only a limited indication of the policies which the United Kingdom and the United States may be expected to advocate in the first sessions of the Commission. Both countries seem likely to favour a cautious approach to the issues involved. The United States authorities have indicated informally that in their view the first step might be for the Commission to concern itself with the exchange of basic scientific information and of scientists. This would be in accordance with paragraph

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

OK'd by H. W[rong]. G. I[GNATIEFF] 8/6/46

5(a) of the terms of reference of the Commission. The United Kingdom Government favour a similar procedure and take the view that "as the prospects of increased Russian cooperation have not improved since these questions were discussed in Washington last year, the whole subject must be treated with caution". (Memorandum forwarded to the Department of External Affairs by the High Commissioner for the United Kingdom on March 28th).†

3. If the principle of rotating chairmanship is accepted, the first Chairman of the Commission may well be Dr. Evatt. This gives an added importance to the Australian attitude. It is impossible to forecast the attitude which Dr. Evatt will adopt. There has been a tendency, however, for the Australian representative on the Security Council, sometimes in association with his French colleague, to assume a middle position in disputes between the Slav members of the Council and the Anglo-Saxon powers. Australia has appeared to wish to be a mediator and to read lessons in good conduct to both parties. The results of this Australian attitude have not been happy. Australia has found herself on several occasions in the awkward position of proposing a compromise formula which in effect gave the Soviet and Polish representatives just what they wanted and enabled the wavering nations (France, Egypt, and China, in particular) to take refuge in a compromise which blurred the issue without, as it proved, bringing the question under discussion any nearer to a real solution. This was particularly evident during the discussions on Iran. The possibility is not to be excluded that Dr. Evatt will feel that it is his mission to bring the Russians together with the Americans and British over the subject of atomic energy. Such an initiative would be resented by the British and Americans as an irresponsible piece of meddling. It will be made use of by the Russians for their own purposes.

#### TERMS OF REFERENCE OF THE COMMISSION

4. The main task of the Commission at its first meeting will be to consider the resolution of the General Assembly of January 6th (see appendix)† and any reports and resolutions arising from this consideration. The terms of reference of the Commission are set out in four paragraphs of the Resolution as follows:

(a) For extending between all nations the exchange of basic scientific information for peaceful ends;

(b) For control of atomic energy to the extent necessary to ensure its use only for peaceful purposes;

(c) For the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction;

(d) For effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions.

#### EXCHANGE OF INFORMATION

5. The first paragraph of the terms of reference deals with the exchange of basic scientific information. From information received from the United

States and United Kingdom Governments it is to be assumed that one of the first substantive questions which will be considered by the Commission will be the exchange of basic scientific information for peaceful ends. Canada as one of the three parties to the Washington Declaration has declared its willingness "as a first contribution to proceed with the exchange of fundamental scientific information; and the interchange of scientists and scientific literature for peaceful ends with any nation that will fully reciprocate".

6. It is not easy to define precisely the term "basic scientific information", and to decide where information relating to basic research ends and information about the operation of plant begins. Basic research into nuclear physics, however, involves a large amount of precise commercial data. Information of this kind is available to the three Governments which are parties to the Washington declaration including Canada, but especially to the United States. The Canadian representative in regard to this problem should be guided by the terms of the Washington declaration which make it clear that the exchange of information would be conditional on reciprocity on the part of the other nations in each case.

7. Exchange of printed information, however, may be of less use than the interchange of scientists working in this field. Moreover, agreement to exchange of scientists will provide a more convincing proof of the willingness to reciprocate. Canada as a country with well-developed laboratories and research facilities, has much to offer in this field. The question arises as to whether the research establishment at Chalk River may be regarded for this purpose as a research establishment to which access may be given to foreign scientists, if agreement is reached on the interchange of scientists. The Canadian representative in the discussion of this question should look for evidence of a willingness on the part of other countries to reciprocate. In any case he will not, of course, take the initiative in offering any facilities in this regard without further instruction from the Government, and until the position of the United States and United Kingdom representatives is clarified in this regard.

8. The exchange of information relating to atomic energy may include exchanges of information about geological deposits of uranium and other substances which may be used for the release of atomic energy. The Canadian position as a source of uranium will need to be carefully safeguarded. It will be recalled that at the present moment Canada's output of uranium is entirely committed to the United States Government by contract, and no information on materials should be disclosed without the prior agreement of that Government.

9. With regard to the general principle of exchange of information the Canadian representative should be guided by the recommendation of the Panel, concurred in by the Cabinet, that he should support the view which will probably be advanced by the United Kingdom and the United States that the exchange of basic scientific information and of scientists should constitute the first stage in the Commission's work.

## INTERNATIONAL CONTROL

10. In addition to the exchange of information, the three remaining terms of reference deal with the international control of atomic energy and the safeguards necessary to ensure that it should be effective. The resolution also declares that the work of the Commission should proceed by separate stages, the successful completion of each of which will develop the necessary confidence of the world before the next stage is undertaken.

The necessity of proceeding in stages towards international control has been recognized not only in the Washington declaration but by the Governments of the United States and the United Kingdom. The Lilienthal report clearly envisages a gradual transition through negotiations in the Atomic Energy Commission of the United Nations towards an international Atomic Development Authority.

11. Meanwhile Canada, as well as the United States and United Kingdom, in view of its special position in relation to materials and special knowledge with regard to atomic energy and plant, has taken steps to establish and maintain conditions through domestic legislation to ensure the effective carrying out of any recommendations that may be made for the International control of atomic energy by the Commission. The Canadian representative should bear in mind the recommendation of the Advisory Panel, concurred in by the Cabinet, to the effect that the Panel were impressed with the Lilienthal report as being the most constructive and imaginative approach yet made towards the long-term policy with regard to international control of atomic energy. If the United States representative were to put forward the Lilienthal report as a basis of discussion in the Commission, this proposal should have the support of the Canadian representative.

12. Should any discussion, however, develop in the Commission of the form which the world atomic authority might take, the political implications of the problem should be borne in mind, particularly the possible effect of a world monopoly on the position of secondary powers, particularly if the Big Powers maintain the right of veto on security matters, and if they concentrate the location of atomic piles in their own respective territories. The general position should, however, be maintained that Canada desires the international control of atomic energy and that the Authority be set up for this purpose under the United Nations.

## THE RELATION OF THE COMMISSION TO THE SECURITY COUNCIL

13. The following points are of importance in this connection:

(a) The recommendations of the Atomic Energy Commission are to be implemented by the member states on the recommendation of the Security Council.

Thus any action arising out of the decision of the Commission depends in the first instance on their adoption by the Security Council and agreement in the Security Council to forward the recommendations of the Commission to

member states. Such a decision is, of course, subject to the veto of each one of the five permanent members on the Security Council.

(b) The Atomic Energy Commission reports and makes recommendations to the Security Council and only to the Security Council. Reports, therefore, to other organs of the United Nations, such as the Assembly, are to be forwarded only at the discretion of the Security Council.

(c) The Security Council should issue directions to the Commission in matters affecting security. On these matters the Commission shall be accountable for its work to the Security Council. As it is difficult to envisage any important developments in the work of the Atomic Energy Commission which will not have a security aspect, the Security Council will have considerable power to exercise direction and control over the work of the Commission. It remains to be seen how in practice the Council will exercise these powers.

#### RELATIONSHIP OF CANADA TO THE SECURITY COUNCIL

14. Canada as a member of the Atomic Energy Commission but not of the Security Council is in a somewhat anomalous position which would mean that we were excluded from considering in the Security Council matters arising out of the work of the Atomic Energy Commission. Accordingly, the Canadian delegation to the General Assembly in London last January raised this question informally with United Kingdom and United States officials. Those with whom the matter was discussed indicated that their Governments would be ready to support the participation of Canada under Article 31 of the Charter in meetings of the Security Council when the subject of atomic energy was before the Council.

15. Unless, therefore, unexpected opposition should arise on the part of the Soviet Union, which did not oppose Canada's inclusion in the Atomic Energy Commission, it would seem that Canada will be able to participate in discussions having particularly to do with atomic energy in the Security Council. (It will be recalled that under the terms of Article 31 Canada would not have the right to vote). In any case Canada's participation in the Security Council when discussions having to do with atomic energy are on the agenda should be pressed by the representative, particularly through consultation with the United States and United Kingdom delegations.

#### IMPLEMENTATION OF THE REPORTS OF THE ATOMIC ENERGY COMMISSION

16. As already stated the Commission cannot of itself make recommendations to member governments, but on the contrary has to act through the Security Council. The Commission, therefore, would not be in a position to inaugurate a system of international control of atomic energy.

17. The question, therefore, arises how the recommendations of the Commission as approved by the Security Council are to be implemented in practice. Article 24 of the Charter gives the Security Council primary authority for

the maintenance of international peace and security and under article 25 the members of the United Nations agree to accept and carry out decisions of the Security Council. The San Francisco Conference, however, decided that the extent of the obligations assumed by the members under Article 25 was to be determined by reference to the specific obligations assumed by Members in other parts of the Charter. The Charter does not give the Security Council power to enforce the disarmament of Member states. The Security Council, therefore, does not appear to possess authority under the Charter to set up and enforce a system of international control of atomic energy, or to enforce the abolition of atomic weapons from national armaments.

18. It would appear, therefore, that action of the Security Council in implementing recommendations of the Atomic Energy Commission is limited to making recommendations to Member states. These recommendations might take different forms according to whether the recommendations of the Commission required several or joint action by member states for their implementation. In the former case, if the Atomic Energy Commission recommended a course requiring action by individual states, the Security Council could recommend to member states the implementation of the Security Council's recommendations. In the latter case, if joint action were required, the Security Council might recommend a multilateral convention for the signature of the Member states, such as, for example, the elimination from national armaments of atomic weapons.

19. The representative should, in the course of the discussions in the Commission, seek to clarify the means which it is envisaged will be adopted to implement the reports and the recommendations of the Commission, and ensure that, as indicated above, Canada should participate in the discussions of the Security Council when that body is concerned with taking action to implement the reports or recommendations of the Commission.

#### PUBLICATION OF REPORTS OF THE COMMISSION

20. Under the terms of the Assembly resolution of the Atomic Energy Commission, the reports of the Commission shall be made public unless the Security Council, in the interests of peace and security, otherwise directs. Thus the Security Council may direct that publication should not take place. Publication, failing such direction, presumably would be automatic. The question may arise, however, whether the individual veto of the permanent members of the Security Council could block the publication of the reports of the Commission. It would seem that it could not—since the motion, under the wording of the Assembly resolution, should be that publication should not take place. If the question arises, the Canadian representative should support this construction, which was accepted as correct by representatives of the United States and United Kingdom in private discussion during the General Assembly last January.

21. This point is, of course, related to the questions considered above under the head "Relationship of Canada to the Security Council", and that immediately following "Implementation of the Reports of the Atomic Energy Commission". Here again the representative should seek to clarify the situation and press for Canada's participation in the Security Council when the question of the publication or transmission of reports of the Commission to member Governments is under discussion.

#### CONCLUSION

22. These instructions are necessarily provisional. As it is not possible at this stage to draw up instructions in detail and with precision, the foregoing is merely an outline of the general principles which will guide the Canadian representative at the first meeting of the Atomic Energy Commission of the United Nations. It is naturally understood that the representative will not take any step to commit the Canadian Government on any issue of importance without further reference to the Government.

23. It is hoped that in the light of the informal discussions with United Kingdom and United States officials before the opening of the first meeting of the Commission, it will be possible to concert the general line of approach of the Canadian representative with that of the United States and United Kingdom representatives.

283.

DEA/201-B

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa,] June 10, 1946

#### UNITED NATIONS ATOMIC ENERGY COMMISSION; INSTRUCTIONS TO CANADIAN REPRESENTATIVE

At the meeting of the Cabinet on June 10th, the Secretary reported that members of the Advisory Panel and the Canadian delegation to the forthcoming meeting of the Commission at New York had, the previous day, met with the Acting Prime Minister, the Acting Secretary of State for External Affairs and the Minister of Reconstruction and Supply for the purpose of considering the instructions to be given to General McNaughton.

Draft provisional instructions, prepared by External Affairs on the basis of the document on Canadian policy had received Cabinet approval on May 16th, subject to concurrence of the Cabinet.

Informal conversations were to take place with U.K. and U.S. representatives before the opening of the first meeting of the Commission. It was hoped that it would be possible to concert the general line of approach of the representatives of the three countries.

The Cabinet, after discussion, noted with approval the provisional instructions given to General McNaughton with respect to the attendance of the Canadian delegation at the first meeting of the United Nations Atomic Energy Commission.<sup>1</sup>

284.

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*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] June 24, 1946

At the General Assembly in London we consulted the U.S. and U.K. delegations informally over the position in which we should be placed when the Security Council was considering matters relating to the work of the Atomic Commission. Those whom we consulted readily agreed that Canada should be invited to participate in any discussions of this sort in accordance with Article 31 of the Charter. On the U.K. side I spoke to Cadogan among others. He saw the point readily and answered that he felt sure that the U.K. representative on the Security Council would propose the admission of Canada if we so desired. On the U.S. side we spoke to several members of the delegation, and Achilles told us that the delegation were in agreement with our suggestion and that a report to that effect was being sent to the State Department. We had expressed the view to both delegations that it would be appropriate for the U.S. delegation to take the initiative.

It now looks as though the first occasion on which matters relating to the Atomic Commission would come before the Security Council will be the approval of the Commission's rules of procedure. Under the resolution establishing the Atomic Commission it is laid down that the Security Council shall approve these rules. At present a committee of the Atomic Commission is working on the draft rules and may report very soon, possibly without the full concurrence of the Soviet representative.

We may, therefore, be faced with a situation in which the Security Council has before it rules of procedure approved by a majority of the Atomic Commission, and there is a possibility that they will lead to considerable debate in the Council and even the application of a veto by the Soviet member. Should we take steps now to remind the British and U.S. authorities of their agreement that Canada ought to be represented at such a discussion? Our presence at it would be likely to make no difference to the result but it would serve to establish at the first opportunity our right to participate as a member

<sup>1</sup> L'approbation conditionnelle du 10 juin fut confirmée par le Cabinet le 12 juin.

<sup>2</sup> The conditional approval of June 10 was confirmed by the Cabinet on June 12.

whose interests are especially affected in all actions of the Security Council relating to the Atomic Commission. I am inclined to think that we should not allow the occasion to pass without seeking to be represented even though the debate in the Council turns out to be a pure formality.

H. W[RONG]

285.

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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-2613

Washington, June 27, 1946

TOP SECRET. I talked yesterday in New York with General McNaughton and Ignatieff regarding the impasse which seems to be developing in the Atomic Energy Commission, as the United States and U.S.S.R. confront each other with their own plans and procedures, which they show no disposition to alter or compromise.<sup>1</sup> It appears that Baruch is almost as inflexible as Gromyko himself, and there is not any evidence that the State Department has much influence over him and his associates. I made a suggestion to General McNaughton which may possibly be of some value in breaking through the developing jam. Would it be possible to accept at once the U.S.S.R. proposal to outlaw the use of atomic energy for destructive purposes, and even sign a Convention immediately for that purpose, pending the working out of the more far-reaching measures to control, inspection, etc., embodied in the United States plan? This would meet the Russians up to a point and certainly could do no harm, though, of course, without further measures outlawry would be of no value. The second Russian proposal, the immediate destruction of existing atomic weapons, could not of course be accepted in the same way, but it could be pointed out to the Russians that once atomic warfare was outlawed they had, on the basis of their own argument, nothing to fear and that the situation would be the same as the prohibition of gas warfare while retaining gas weapons. As the Russians themselves do not include international sanctions in their own plan, but seem to rely on good faith and national punishment, they could not logically argue that the above proposal for prohibition without immediate destruction of bombs was valueless. If it were put forward and accepted, it would make it

<sup>1</sup> Voir le plan des États-Unis (Plan Baruch) dans Nations Unies, Commission de l'énergie atomique, *Procès-verbaux officiels*, N° 1, première réunion, 14 juin 1946, pp. 7-14. Pour la proposition de l'Union soviétique voir le N° 2, deuxième réunion, 19 juin 1946, pp. 26-30.

<sup>1</sup> See the United States plan (Baruch Plan) in United Nations, Atomic Energy Commission, *Official Records*, No. 1, First Meeting, June 14, 1946, pp. 7-14. For the Soviet Union proposal see No. 2, Second Meeting, June 19, 1946, pp. 26-30.

much more difficult for the U.S.S.R. to object to the subsequent adoption of the United States plan as a basis for discussion.<sup>1</sup>

General McNaughton seemed interested in the above ideas and may attempt to develop them further.

286.

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*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

SECRET

[Ottawa,] June 28, 1946

Mr. Pearson in his message WA-2613 of June 27th and General McNaughton in his Atom No. 25 of June 26th† deal with the suggestion that the proposal made by the U.S.S.R. representative on the Atomic Energy Commission to outlaw the use of atomic energy for destructive purposes should be taken up at once. It would appear from General McNaughton's message that Dr. Evatt may be actively exploring this suggestion with some other delegations. Mr. Pearson endorsed the proposal, but I must confess to grave doubts about its utility.

Presumably a convention on the lines suggested would be a very short document of only two or three main articles. The most important article would be to the effect that the contracting parties thereby renounced the employment for military purposes of bombs and other weapons making use of atomic fission. There would have to be some safeguarding clause which at the least would permit the use of atomic weapons against a state violating the prohibition. Otherwise the United States would be placed in the position of breaking a pledge if it were to be first attacked with atomic bombs and retaliated in kind. Such an agreement would leave the initiative in using atomic bombs to a violator of the treaty and would deprive the United States of most of the influence of the possession of the atomic bomb as a deterrent. Signature would doubtless result in a fairly strong demand for the destruction of the existing stock of bombs.

What advantages are there? All I can see is an effort to find for purposes of immediate negotiation some slight compromise with the position taken by the Russians. From the point of view of American security the Russian proposals reverse the American order of priority. Should we support any plan embodying such a reversal? I am pretty certain that we should not do so and

<sup>1</sup> Voir le discours du Général McNaughton indiquant son espoir que le plan Baruch soit accepté comme base de discussion dans Nations Unies, Commission de l'énergie atomique, *Procès-verbaux officiels*, N° 2, deuxième réunion, 19 juin 1946, pp. 19-21.

<sup>1</sup> See General McNaughton's speech indicating his hope that the Baruch Plan be accepted as a basis for discussion in United Nations, Atomic Energy Commission, *Official Records*, No. 2, Second Meeting, June 19, 1946, pp. 19-21.

that we should instruct our delegation to hold back. I doubt, in any event, whether it would influence the Russians much as a main object of their proposal was to argue that the American bombs should be destroyed.<sup>1</sup>

H. W[RONG]

287.

DEA/201

*Le sous-secrétaire d'État aux Affaires extérieures  
au conseiller, l'ambassade aux États-Unis*

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

TOP SECRET AND PERSONAL

Ottawa, July 5, 1946

Dear Tommy [Stone],

I have received your letter of July 1st† about your surprising discussion with Dean Acheson on atomic matters. The delegation in New York is already aware that Baruch is in a position independent of the State Department and I think that we need not give them any confirmation of this based on your letter.

In the Department we had already taken the view that it would be a mistake to "outlaw" atomic warfare at once and we had some discussion of this with Mike<sup>2</sup> when he was in Ottawa last week. The only possible advantage of any substance that I can see would be a temporary one in meeting the Russians on this point. It might make it easier to carry forward the negotiations for effective international control. The history, however, of recent negotiations with the Russians does not lead me to give much weight to an argument of this sort.

In addition to Dean's objections that such a step now would grossly deceive the public, we see here a substantial number of other difficulties. For instance if atomic war were outlawed by a sort of single clause renunciation on the model of the Kellogg Treaty, we would I think provide a field for vigorous propaganda that the U.S. should not only destroy its stock of bombs and stop making them but also disclose the processes for the production of plutonium on a substantial scale. Such propaganda would appeal not only to Communists and fellow travellers but to a large public as well. It would, therefore, be likely to precipitate an intense domestic controversy in the United States which would deflect attention from the real work in hand. I gather, in any event, that Baruch is inflexible on this point.

The revelation of the state of affairs in the State Department is certainly distressing and confusing. The Baruch proposals, however, are certainly not

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

I agree. N. A. R[OBERTSON]

<sup>2</sup> L. B. Pearson.

out of line with those which are associated with Dean's own name, and the present isolation of the State Department in atomic matters may not matter much.

Yours ever,

N. A. ROBERTSON

288.

PCO/U-41-A

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM CG-371

New York, July 5, 1946

ATOM No. 45. Following from Atomic Energy Commission, Begins: Following from McNaughton, Begins: Following is the text of the organization of Committees of the Atomic Energy Commission, which I proposed to Dr. Evatt in response to his request, as indicated in paragraph 4 of my Atom No. 41,† Begins:

The Canadian delegation propose the following five Committees; each Committee to have power to establish sub-Committees as may be deemed necessary:

1. A Committee of the Whole, to review progress and define further tasks.

2. A Steering Committee for the purpose of coordinating reports and studies made by other Committees and sub-Committees; and to resolve any particular problems which may be referred to it.

3. A Constitutional Committee, to prepare recommendations for a draft International Agreement establishing an International Authority "for control of atomic energy to the extent necessary to ensure its use only for peaceful purposes". In particular, the Committee would need to examine the following:

(a) Rights and obligations of signatory States in relation to the Authority.

(b) The relation of the Authority to the United Nations and its organs (the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice, and the Secretariat).

(c) The relation of the Authority to non-signatory States, whether members of the United Nations or not.

(d) The relation of the Authority to National Atomic Energy Control Bodies.

(e) Provisions "for the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction".

(f) Transitional provisions.

(g) Provisions for signature, ratification and amendment.

4. A Committee on Control and Development, with terms of reference to prepare recommendations relating to:

(a) A survey of world sources of fissionable materials.

(b) The measures of control (by inspection, management and license, or ownership) which may be required, and their methods of operation, with particular reference to:

(i) Raw materials;

(ii) Production of fissionable materials;

(iii) Manufacture of atomic weapons;

(iv) Research on military applications of atomic energy.

(c) The means of promoting the use of atomic energy for peaceful purposes, with particular reference to:

(i) "The exchange of basic scientific information for peaceful ends";

(ii) Exchange of scientists;

(iii) Research and development;

(iv) Supply of fissionable and radioactive materials for research and for medical and other beneficial applications;

(v) Public information.

5. A Committee on Enforcement, to prepare recommendations on:

(a) Responsibilities and powers of the International Authority.

(b) Procedures to investigate and determine infringements of the International Agreement.

(c) Penalties.

Ends. Message ends.

289.

DEA/201-B

*Le représentant, la délégation à la Commission de l'énergie atomique des Nations Unies, au président, le Conseil de Sécurité des Nations Unies<sup>1</sup>*

*Representative, Delegation to the Atomic Energy Commission of the United Nations, to President, Security Council of the United Nations<sup>1</sup>*

New York, July 8, 1946

Dear Mr. President,

I am informed that Dr. Evatt, Chairman of the Atomic Energy Commission, has requested that consideration of the Commission's Rules of Procedure be placed on the agenda of the Security Council for consideration at its meeting on July 10th.

In this connection I am authorized by my Government to state that Canada, as a member of the Atomic Energy Commission under the terms of the reso-

<sup>1</sup>Le texte de cette lettre fut communiqué au ministère à Ottawa par téléphone.

<sup>1</sup>The text of this letter was communicated to the Department in Ottawa by telephone.

lution of January 24th of the General Assembly, desires to participate in the discussion of the Rules of Procedure of the Atomic Energy Commission<sup>1</sup> in accordance with Article 31 of the Charter of the United Nations.<sup>2</sup>

Yours sincerely,

[A. G. L. McNAUGHTON]

290.

DEA/201-B

*Le représentant, la délégation à la Commission de l'énergie atomique des Nations Unies, au président, la Commission de l'énergie atomique des Nations Unies<sup>3</sup>*

*Representative, Delegation to the Atomic Energy Commission of the United Nations, to Chairman, Atomic Energy Commission of the United Nations<sup>3</sup>*

New York, July 8, 1946

Dear Dr. Evatt,

I understand that at your request as Chairman of the Atomic Energy Commission the agenda of the meeting of the Security Council called for the 10th July, 1946, will include consideration of the Rules of Procedure of the Atomic Energy Commission.

This is a matter in which my Government considers that the interests of Canada are specially affected and consequently that Canada should participate in the discussion of this question in the Security Council, as provided for by Article 31 of the United Nations Charter.

I have written to the President of the Security Council in this sense, and I enclose a copy of this letter for your information.

It occurs to me that this is a matter which might appropriately be raised in the Security Council by the Chairman of the Atomic Energy Commission, and if you agree I should much appreciate your taking this action.<sup>4</sup>

[A. G. L. McNAUGHTON]

<sup>1</sup> Voir Nations Unies, Commission de l'énergie atomique, *Procès-verbaux officiels*, N° 4, quatrième réunion, 3 juillet 1946, pp. 64-68. Voir aussi supplément 2.

<sup>2</sup> Les notes suivantes étaient écrites sur la copie du ministère:

I agree. N. A. R[OBERTSON] 8-7-46

Mr. Ignatieff advised by telephone. 1 P.M. 8 July 46. J. S[TARNES]

<sup>3</sup> Le texte de cette lettre fut communiqué au ministère à Ottawa par téléphone.

<sup>4</sup> Les notes suivantes étaient écrites sur la copie du ministère:

I agree. N. A. R[OBERTSON] 8-7-46

Mr. Ignatieff advised by telephone. 1 P.M. 8 July 46. J. S[TARNES]

<sup>1</sup> See United Nations, Atomic Energy Commission, *Official Records*, No. 4, Fourth Meeting, July 3, 1946, pp. 64-68. See also Supplement 2.

<sup>2</sup> The following notes were written on the Department's copy:

<sup>3</sup> The text of this letter was communicated to the Department in Ottawa by telephone.

<sup>4</sup> The following notes were written on the Department's copy:

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DEA/201-B

*Le conseiller, la délégation à la Commission de l'énergie atomique des Nations Unies, au sous-secrétaire d'État associé aux Affaires extérieures*

*Adviser, Delegation to the Atomic Energy Commission of the United Nations, to Associate Under-Secretary of State for External Affairs*

New York, July 15, 1946

Dear Mr. Wrong,

In your letter of June 27<sup>†</sup> you gave us authority to seek participation under Article 31 of the Charter when matters relating to the Atomic Energy Commission come up for discussion.

We have already reported quite fully in our messages Atom 53 and 54 of July 10<sup>†</sup> and 55 of July 11<sup>†</sup> on the proceedings in the Security Council last Wednesday when Gromyko attempted to veto our admission, but was overruled by the Chairman.<sup>1</sup>

In this letter I should like to add a few comments of an interpretative nature and to suggest possible developments in the future in connection with this matter.

As you know, we decided to make formal application to participate, by sending a note to the President of the Security Council. At the same time we asked Evatt, as Chairman of the Commission, to raise the question in the Council, when recommending the rules of the Atomic Commission.

We had, of course, also been careful to obtain previous assurance from the United States and United Kingdom Delegations that we would have their support.

Evatt regarded our claim as an important one to establish, not only on its merits, but also in the interests of the position of the non-permanent members of the Security Council in relation to the permanent members.

He prepared his tactics very carefully, as I am told by Ralph Harry<sup>2</sup> with whom I discussed the whole episode. Evatt had apparently anticipated that Gromyko would try to exercise his veto, claiming that the admission of non-members under Article 31 of the Security Council, was a decision of substance requiring the unanimity of the permanent members. Evatt also felt sure that the President, Dr. Najera, would uphold the opposite view and would rule accordingly.

As it transpired, Evatt had planned his tactics admirably for the occasion. He put Gromyko in the position of either having to move that the decision of

<sup>1</sup> Pour le texte complet de ce débat voir Nations Unies, Conseil de sécurité, *Procès-verbaux officiels*, première année, deuxième série, N° 1, cinquantième réunion, 10 juillet 1946, pp. 2-7.

<sup>2</sup> Deuxième secrétaire, l'ambassade de l'Australie aux États-Unis.

<sup>1</sup> For the full text of this debate see United Nations, Security Council, *Official Records*, First Year, Second Series, No. 1, Fiftieth Meeting, July 10, 1946, pp. 2-7.

<sup>2</sup> Second Secretary, Embassy of Australia in United States.

the President be over-ruled, for which he could not obtain the necessary majority, or to accept the President's ruling, which Gromyko did most reluctantly giving notice that he reserved the right to raise the question again.

It is important to note that Gromyko in claiming that the decision of the Security Council on the question of admitting Canada under Article 31, was one of substance, said that there were two questions of substance to be decided: (a) whether the interests of Canada were specially affected in relation to the rules of procedure of the Atomic Commission and, (b), supposing that they were affected, how long was the Security Council to consider the Canadian interest would remain affected by this question? Was it to be as long as Canada remained a member of the Atomic Commission?

We shall probably be faced with another attempt at veto by Gromyko, on the next occasion that we seek to participate in discussion of the Security Council, when the business of the Atomic Commission is on the agenda. It would seem likely that if this were to happen under the presidency of Dr. Van Kleffens, we may confidently expect a favourable ruling. It was Van Kleffens who seconded Evatt's motion for our admission and one of his staff spoke to me personally after the meeting and expressed pleasure that we had taken the initiative to uphold the interests of countries which can only be non-permanent members of the Security Council.

However, after Van Kleffens has completed his month's tenure of office as President, he will presumably be succeeded by the Polish Representative. The Polish Delegation in the Atomic Commission, I may say, has shown itself entirely subservient to the Soviet Representative and seems to vote or abstain from voting at Gromyko's bidding. I feel, therefore, rather concerned that the position might become reversed if our case comes before the Security Council under Polish presidency.

Gromyko's effort to exercise the veto against us has undoubtedly served to stimulate those who would question the irresponsible use of the veto by the Russians. Evatt's remarks at the meeting last Wednesday when replying to Dr. Najera's statement on the close of his tenure of office, were interpreted as indicating his intention to take up the whole issue in the Assembly.

Another aspect of the veto question, that which relates to the enforcement of any international measures of control which might be recommended by the Atomic Commission, will help to keep attention directed to the veto issue. I attach two copies of a memorandum† prepared by the Baruch Delegation, dated July 12, dealing with the relations between the Atomic Authority and the organs of the United Nations. This paper suggests that the Big Five should renounce their veto on atomic questions, and agree to treat the punishment of violators as a procedural matter, except in the case of serious offences, constituting a threat to the peace which would fall under the provisions of Chapter VII (including Article 51) of the Charter.

This paper will no doubt be placed on the agenda of the Legal Committee which was set up by the Working Committee last Friday.

I feel sure that discussions on this aspect of the veto will be carried over into the General Assembly when it meets the end of September. For this reason, I would suggest that whoever represents us in the discussion in the Legal Committee of the Atomic Commission should be carried over to our Delegation to the General Assembly.

I am also enclosing a clipping† from the *New York Times* of July 14, of an article by Hamilton which contains an interesting general comment on the veto question.

Yours sincerely,

G. IGNATIEFF

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DEA/201-B

*Le consul général à New York au secrétaire d'État par intérim  
aux Affaires extérieures*

*Consul General in New York to Acting Secretary of State  
for External Affairs*

TELEGRAM CG-420

New York, July 21, 1946

CONFIDENTIAL. ATOM No. 66. Following from Atomic Energy Commission, Begins: As we were pressed by Secretariat to furnish suggestions for a list of subjects falling within the scope of the functions of Committee No. 2 in order that a working schedule for that Committee could be prepared by the Secretariat, as indicated in paragraph 4 of our message Atom No. 62 dated July 17th,† this matter was given careful consideration and it was thought desirable to draft a topical outline with a sequence which would suggest a transition of thought from Soviet proposal to outlaw use of atomic energy in warfare to specific controls proposed by the United States and A.D.A. In this way, the emphasis would be placed on possible areas of agreement rather than fixed attitudes of disagreement which were revealed in Sub-Committee No. 1.

2. Before putting forth suggestions to Secretariat on this subject, it was thought desirable that matter should be discussed with United States delegation informally and with this in mind a brief paper was prepared in which it was suggested that discussion in the Committee should be so planned as to demonstrate to the Soviet representative that some measures of control are necessary to ensure the observance of international convention for outlawing of atomic weapons and prohibition of their manufacture which he has proposed.

3. The members of the United States delegation, consisting of Dr. Tolman, Davis, Gordon and Lindsay, warmly welcomed our suggestion as they had not yet submitted any topical outline themselves and frankly admitted their concern that a stalemate might result from discussion of question of whether or not the A.D.A. should be established as proposed by Mexican represent-

ative for the next meeting of Committee No. 2. They gladly fell in with our arguments and together we drafted a topical outline as follows:

1. Consideration of measures to prevent use of atomic energy in warfare.
  - (a) Formal measures, such as an International Agreement outlawing use of atomic weapons.
  - (b) Technical measures to insure observance of such an Agreement.
2. Consideration of measures to prevent production of atomic weapons.
  - (a) Formal measure, such as an International Agreement outlawing production of atomic weapons.
  - (b) Technical measure to insure observance of such an Agreement in relation to the following:
    - (1) Plants.
    - (2) Raw materials.
    - (3) Discrimination between dangerous and non-dangerous activities.
    - (4) Research.
3. Consideration of instruments to administer controls.
  - (a) Through existing United Nations Organs.
  - (b) Through special International Organization.
  - (c) Through national agencies.
4. Consideration of measures of enforcement.

4. It was agreed that this topical outline would be passed on, as a joint contribution, to Dr. Herring<sup>1</sup> and that if he agreed he would use it as a basis for the schedule which he has been charged by the Committee to prepare, filling in under each head references to proposals as contained in statements and observations made in the Commission, Working Committee and Sub-Committee No. 1.

5. United States delegation learned from Herring that, apart from Soviet delegation who had merely repeated their previous proposals, no other delegations had submitted proposals and Herring was glad to hear about topical outline referred to above.

6. The United States delegation also propose to ask Mexican representative on Monday to withdraw his proposal that A.D.A. be first subject for discussion and that instead he should move that discussion should proceed on basis of above topical outline.

7. In all, we spent five hours on Saturday in Conference with members of the United States delegation and they welcomed the idea of further co-operative efforts of this kind on an informal basis, and expressed hope that other delegations might co-operate in the same way. Ends.

<sup>1</sup> Directeur, le groupe de l'énergie atomique des Nations Unies.

<sup>1</sup> Director, Atomic Energy Group of the United Nations.

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DEA/201-F

*Procès-verbal d'une réunion de la Commission consultative  
sur l'énergie atomique*

*Minutes of a Meeting of the Advisory Panel on Atomic Energy*

TOP SECRET

[Ottawa,] August 28, 1946

SEVENTH MEETING, AUGUST 14, 1946

The following were present:

Mr. Wrong  
General McNaughton  
Dean Mackenzie  
Mr. Bateman  
Dr. Lawrence<sup>1</sup>  
Dr. Solandt  
Mr. Ignatieff  
Mr. Jarvis<sup>2</sup>  
Mr. Starnes (Secretary)

1. General McNaughton gave an account of the Atomic Energy Commission to date with particular reference to the part played by the Canadian Delegation. He was anxious to have guidance from the Panel on the line which should be taken by the Canadian delegation during the period of his Chairmanship. So far the Canadian line had been to explore every possibility in an endeavour to prevent the Commission from reaching a stalemate. Presumably our principal aim should be to continue to attempt to reconcile the almost opposite views of the Russian and the U.S. delegations. If a deadlock occurred between the U.S. and the U.S.S.R. which would amount to a public recognition that they could not work together, it would be better that such a situation should arise either in the General Assembly or at the Peace Conference and not in the Commission. The best course would be to attempt to draft proposals in a form in which the Russians could concur if they were ever to admit the need for an effective international authority. Mr. Ignatieff added to what General McNaughton had said by remarking on the obviously fundamental differences between the Russian viewpoint and our own. Gromyko, for instance, had stated that atomic energy should be considered as any other problem affecting world security ignoring the fact that the very creation of the Atomic Energy Commission proved that the problem is of a very special nature. There seemed little hope of compromise and the problem resolved itself into a question of whether the Russians would accept the U.S. proposals for control.

<sup>1</sup> Dr. G. C. Lawrence du Conseil national de recherches.

<sup>2</sup> Directeur général, section juridique, ministère de la Reconstruction et des Approvisionnements.

<sup>1</sup> Dr. G. C. Lawrence of the National Research Council.

<sup>2</sup> Director General, Legal Branch, Department of Reconstruction and Supply.

2. A discussion followed on the various points which might arise during the period of Canadian Chairmanship. It was pointed out that we would be expected to give leadership in the Atomic Energy Commission and it was difficult to know what to say and in what ways we could prevent a deadlock taking place. It was suggested the following points might be developed in this connection:

(1) That it might be advisable to stress that atomic energy is not a weapon which can be dealt with by conventions; that it is not just another weapon of war, and that the terms of reference of the Atomic Energy Commission make this clear.

(2) That we might seek to place the problem on a functional rather than a political basis.

It was agreed that this latter point was a sound line to take as it had already had the prior approval of the Government. A question was raised as to whether any discussion of bacteriological warfare had been had in the Commission, whether the question would arise in subsequent discussions, and if not, should we raise the question? It was agreed that it would not serve any useful purpose to raise this question as it might well inject unnecessarily additional problems for debate.

3. In discussing the further staff requirements of the Canadian delegation, General McNaughton said that it would be very useful to have Mr. Jarvis in New York. It might also be useful if the delegation were able to borrow Mr. Bateman when questions of raw materials were under discussion. It was also pointed out that he might require some further technical advice on the legal side when the Charter was under discussion. It was agreed that it would be relatively easy to arrange for short visits by persons in Ottawa including Dr. Solandt and other members of other Government Departments.

4. Concerning the control of raw materials, some clear definition of the term "raw materials" was sought. It was agreed that while there seemed to be no precise understanding of this term, it might be said to be "the material once it is raised from the mine." Some concern was expressed over the continued and rapid rate of loss of a scarce material which is at present taking place in the process of producing atomic explosives from uranium. Only a small fraction was used up and the rest, stock-piled under U.S. ownership. In this connection General McNaughton thought most of the points raised had been fully covered in his letter to Mr. Bateman† the terms of which had been agreed to by both Dr. Mackenzie and Mr. Bateman. The general terms of this letter would, it was thought, coincide with United States views, though at times it has not been clear whether the United States delegation has been working for international government or for an international uranium cartel. It was obvious that Canada must submit to a good deal of international control in this field but we do not necessarily have to agree that rates of production at the mine should be fixed by some international authority. The Canadian delegation had been asked informally by the United States if, as a major producing nation, Canada would be prepared to undertake pre-

paratory work in the Atomic Energy Commission on studies concerning control of the production of uranium. It was agreed that our studies on the control of raw materials should be prepared in New York rather than in Ottawa.

5. Concerning the extent of the need for international control of the production of fissionable products, Mr. Wrong thought that the scientists might ascertain what control is necessary without distinguishing, so far as they were concerned, between national and international control. It was agreed that it might be useful to stress the difference between control of material as opposed to the control of plants.

6. Concerning Canadian policy with respect to production and export, the point was raised of how the rates of delivery of uranium to the Atomic Development Authority by the producing countries and in particular, by Canada, should be determined. It was the opinion of the Panel that, having in mind the position of our own resources and the effective functioning of the A.D.A., that we ought to be able to retain control of our own rate of production.

7. It was Mr. Bateman's understanding that the plan for establishing an Atomic Development Authority was to go into effect by stages. Mr. Ignatieff remarked that the United States delegation are reported to have a plan for establishing the A.D.A. so that it would come into operation in stages. They have not so far, been able to produce this paper and it will presumably not be forthcoming for some time.

8. With regard to Canada's position as a leading producer of uranium, it was pointed out that it was now technically possible to use thorium for bombs; uranium 235 being no longer required for the actual production of the bomb, but only as a primer to start the production of plutonium.<sup>1</sup> This obviously would change the importance of thorium as a source for the production of plutonium. As world resources of thorium are rather large this might conceivably change Canada's position as a large producer of the essential raw material used in Atomic explosives. In this connection Dr. Mackenzie pointed out that with the establishment of an Atomic Development Authority the abolition of the Atomic Bomb would come about; and the "demand" would be reduced to the peace time uses to which fissionable products could be put. This raised the point of what in fact constituted "demand" for uranium. Mr. Wrong said that presumably it was the production of that quantity of uranium in a given period which was considered necessary for peaceful uses throughout the world.

9. Consideration was given to the question of curtailing our own mining operations and whether we should start stock-piling ourselves, or whether we should make a new contract with the United States. General Groves had made it plain that the United States had no plans in this connection and that for the moment they were not in a position to discuss the drawing up of a new con-

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<sup>1</sup> Voir le document suivant.

<sup>1</sup> See following document.

tract. While it was agreed that it would be desirable to put Eldorado on a minimum production basis, it was pointed out that this would constitute a major operation. It was suggested that it might be possible to curtail production and concentrate on development work in the mine without any reduction in the personnel. In any event, it was agreed that we should not be particularly worried if production ceased. Mr. Bateman pointed out that curtailment of production was already in process at Eldorado.

10. The establishment of the Canadian Board was discussed and in connection with our policy with respect to production and export, it was pointed out that when the domestic Bill on Atomic Energy became operative, specific regulations governing export would have to be drawn up following the establishment of the Board. A contract with the United States was probably out of the question but the possibility of making a contract with the United Kingdom should not be ruled out. It was agreed that any agreement even of a partial nature made with the United Kingdom would probably have to be on a tripartite basis. It was agreed by the Panel that one of the first tasks to be taken up by the Board should be a survey of the Canadian position in order to determine our best course.

11. Dr. Solandt raised a point in connection with scientific and technical intelligence on atomic energy. At the moment he pointed out that the collation of such material in Canada was on an ad hoc basis. So far as he knew all information from the Manhattan project was being sent to Chalk River. Information from Eldorado was going direct to Mr. Howe and information from United Kingdom sources was being directed through military channels. He was of the opinion that this might be consolidated in one government agency. He suggested that perhaps the Board might be the appropriate body. If this were so, however, it raised the question of whether a strictly civilian body should deal with military intelligence. The other suggestion might be that D.G.D.R. might be responsible for collating and filing all this information. It was agreed by the Panel that D.G.D.R. would be the appropriate branch to undertake this task on an interim basis.

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DEA/201-F

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM CG-557

New York, September 4, 1946

SECRET. ATOM No. 100. Following from Atomic Energy Commission, Begins: Following for Starnes from McNaughton, Begins: Reference top secret Minutes of seventh meeting Advisory Panel (Atomic Energy) held 14th August, 1946. I agree with record except paragraph 8, the first sentence of which should read:

"With regard to Canada's position as a leading producer of uranium, it was pointed out that it was now theoretically possible to use thorium for bombs.

Uranium 235 would then be no longer required for the actual production of the bomb, but only as a primer to start the production of the third known nuclear explosive, U-233, for use instead of U-235." Ends. Message ends.

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DEA/201-B

*Le représentant, la délégation à la Commission de l'énergie atomique des Nations Unies, au sous-secrétaire d'État aux Affaires extérieures*

*Representative, Delegation to the Atomic Energy Commission of the United Nations, to Under-Secretary of State for External Affairs*

SECRET

New York, September 21, 1946

Dear Sir,

1. The present suspension in the work of the Atomic Commission arising out of the delay of the Soviet Government to approve the report of the Scientific and Technical Committee, prompts this review of the main issues before the Commission, and consideration of some of the possible courses which might be followed in an endeavour to give effect to the terms of the Resolution of the General Assembly of January 24th, 1946.

2. From the beginning of the Commission's work it has been evident that the main problem before the Commission is to try to reconcile the U.S. and Soviet positions.

3. The United States, at present holding a preferred position in relation to the development of atomic energy and its military applications, has made it clear that it is prepared to surrender its monopoly in return for an effective international system of control which would ensure that the atomic bomb would not be used by some ill-disposed nation in a surprise attack.

4. On the other hand, the Soviet Union which, as far as it is known, is not in a position at present to manufacture atomic weapons (at least on any significant scale) has been desirous as an immediate objective of entirely eliminating this extraordinarily destructive weapon from national armaments. Accordingly, as the first stage in negotiations in the Atomic Commission, the Soviet representative proposed a convention which would obligate all parties to outlaw the use and manufacture of atomic weapons. This convention would, in effect, only involve action on the part of the United States, which would be further obligated to destroy existing stocks of atom bombs within three months.

5. In the first two months the discussions in the Commission and its committees were devoted to examination of the United States and Soviet proposals, and although some further light was shed on the United States and Soviet positions respectively by supplementary statements on the part of their representatives, no progress was made toward agreement. The most important points of difference may be summarized as follows:

(a) The Soviet insistence on the acceptance on the part of the United States of their proposed convention to outlaw the use and manufacture of

atomic weapons as the first step. The U.S. position has been to insist upon the simultaneous establishment of a system of safeguards which would ensure that all countries should have a sense of security that no atomic weapons will be made.

(b) The U.S. proposal that these safeguards should be operated through an Atomic Development Authority with wide powers, including freedom of access to countries accepting the authority of the A.D.A. The Soviet position, stressing the principle of national sovereignty, has rejected the conception of such an international authority having jurisdiction over internal or national affairs. The Soviet proposals provide for domestic legislation as a means of carrying out the terms of their proposed international convention.

(c) The U.S. proposal that the powers of the A.D.A. should include those of inspection especially associated with the close control of raw materials. The Soviet position in this respect has also been to reject inspection by any international authority on the principle that it is inconsistent with national sovereignty.

(d) The United States proposal that in the event of violation of any international agreement on atomic energy there should be no veto in so far as it may relate to this particular problem on the part of any of the signatories. The Soviet position has been that this would be contrary to the agreed rule of unanimity on the part of the permanent members of the Security Council and would undermine a basic principle of the United Nations Charter. The Soviet proposals provide for any enforcement action to be under the existing jurisdiction of the Security Council and operating under the rule of unanimity of the permanent members.

(e) The United States proposal that there should be the tightest possible control of materials and processes; the operation of all dangerous activities to be under "the management, supervision and control of the Authority". The Soviet position has been to reject any international control over their resources and industrial activities.

6. Consideration of these main issues, particularly in Committee No. 2, revealed that further discussion could not be expected to promote agreement, but rather would result in a sharpening of the major political differences between the United States and Soviet positions. It was therefore agreed to follow the proposal of the French representative and ask the Scientific and Technical Committee to consider the problem of control and to report on the question of whether an effective control of atomic energy were possible, together with an indication of the methods by which the Scientific Committee believes this could be achieved.

7. This Committee, after eighteen meetings, completed a report which carried the opinion of all the scientific representatives, including the Soviet

representatives, Professors Skobeltzyn and Alexandrov. However, the Soviet representatives were not empowered to give their formal agreement to the report without explicit consent of their Government, which apparently was made contingent upon the approval of the report in Moscow by Soviet experts.

8. The agreement in the Scientific and Technical Committee was made possible by complete exclusion of all political considerations. However, by examining the detail of each process in the normal peaceful applications of atomic energy, as far as they are now known, the Scientific and Technical Committee were able to agree on an indication at each stage of the possible dangers that might arise through diversion, clandestine activity or seizure, whereby atomic energy could be used for other than peaceful purposes.

9. Before the completion of my term as Chairman of the Atomic Commission, I thought it desirable to canvass the views of the heads of other delegations regarding the next stage in the Commission's work.

10. After preliminary consultation with the United States delegation, I suggested that Committee No. 2 should develop the problem of control to a further stage following, as far as possible, the method of informal meeting and discussion which had proved so successful in the Scientific and Technical Committee. This would necessitate the setting up of a working sub-committee of Committee No. 2 which would be able to devote its time to continuous detailed examination of the problem of control on the basis of the Scientific and Technical report. The terms of reference of such a working sub-committee, I suggested, might be worded as follows: "To examine the report on the specific safeguards at each stage in the production and use of atomic energy for peaceful purposes required to prevent that possibility of misuse indicated in the report of the Scientific and Technical Committee".

11. The objectives which I have in mind in advocating this approach may be briefly summarized as follows:

(a) To enable the Commission to proceed by the method of agreement and to avoid the assertion and counter-assertion of the U.S. and Soviet points of view respectively, based primarily on political considerations;

(b) To enable an examination of the facts to be made, leading to a better understanding of the technical problems of international control, and to the assessment of the feasibility and effectiveness of various alternatives;

(c) To give an opportunity for nations, other than those represented on the Commission, to inform themselves of the problem of the international control of atomic energy;

(d) The informal method of discussion would give an opportunity for all members, especially the Soviet representatives, to become better acquainted with the motives and attitudes of their colleagues; and

(e) To demonstrate that the Atomic Commission was doing everything possible to reach agreement on this difficult problem through the method of co-operation.

12. The possibility of making any progress by way of agreement in the Commission, seems to me to depend on whether or not the Soviet Government accepts the Scientific report as a basis of further work, by authorizing its representatives on the Commission to approve the report.

13. If that agreement is forthcoming it would obviously relate only to the scientific and technical facts contained in the report and would not necessarily influence the over-all Soviet position regarding the political issues involved.

14. It is my view that the importance of Soviet agreement to the Technical report lies primarily in the psychological consideration that we would then have, as a starting point of discussion, an agreement as to a statement of basic scientific facts, from which to explore the possibilities of further agreements in relation to the measures of control which might be effective, taking into account the various possibilities of diversion, clandestine activities and seizure indicated in the Scientific and Technical report.

15. My informal discussions with the heads of delegations to the Commission reveal that there is a general consensus of opinion in favour of developing discussion along these lines in Committee No. 2, adopting as far as possible the method of informal discussion in closed meetings which proved so successful in the Scientific and Technical Committee.

16. Although political and non-technical considerations would have to be taken into account, it is suggested that there should be no attempt to reach decisions at this stage on the controversial political questions and this working group would submit to Committee No. 2 a report, which it is hoped would present clearly the problems of control, and from which the political decisions required would emerge. Committee No. 2 might then undertake to formulate a series of propositions which could either go to the Security Council, or afford the basis for a discussion of an international draft treaty.

17. It is difficult at this stage to project an assessment of the prospects before the Commission beyond the immediate future. It would appear, however, that failing agreement to develop discussion on the basis of the Scientific report, the Commission would have to return to discussion of the political aspects of the problem.

18. In paragraph 5, I have outlined the main political issues which divide the United States and Soviet positions. It is doubtful whether all these differences are susceptible of resolution through discussion in the Atomic Commission.

19. Moreover, there is the difficult problem of the stages which will govern the transition from the present position of United States monopoly to a system of international control. This matter has so far not been raised in the Commission, apart from the general references contained in the original Baruch statement. The relevant passage reads as follows:

When an adequate system for control of atomic energy, including the renunciation of the bomb as a weapon, has been agreed upon and

put into effective operation and condign punishments set up for violations of the rules of control which are to be stigmatized as international crimes, we propose that:

1. Manufacture of atomic bombs shall stop,
2. Existing bombs shall be disposed of pursuant to the terms of the treaty, and
3. The Authority shall be in possession of full information as to the know-how for the production of atomic energy.

It is understood from the U.S. delegation that at the appropriate time they intend to put forward the specific proposals regarding the stages which will govern the transition to a system of international control, but this extremely important question may well have to be the subject of direct diplomatic negotiation between the United States and Soviet Governments.

20. It has sometimes been suggested that a compromise solution might be submitted by a third party as a basis of discussion in the Commission. Such a proposal would almost certainly invite rejection by both sides, unless the ground were thoroughly prepared beforehand through direct diplomatic negotiation.

21. The position maintained by the Canadian delegation throughout has been to endeavour in every way possible to further the work of the Commission. We have avoided introducing proposals or arguments which would tend to exacerbate the division between the United States and Soviet positions. Moreover, in view of the community of interests between Canada and the United States, every effort has been made to maintain the most cordial and close relations with the United States delegation and to develop a spirit of mutual confidence between the two delegations.

22. We have also constantly kept in mind the very serious consequences that might follow in the event of the failure of the present international negotiations. For this reason, we have not only maintained the closest possible consultation at all stages with the United States, but also with the United Kingdom delegation, as representative of the two countries with which we shared partnership in the development of atomic energy during the war.

Yours very sincerely,

A. G. L. McNAUGHTON

P.S. Since writing the above I understand that the Chairman of the Scientific Committee has called a meeting of the Committee for the afternoon of Thursday, 26th September, and that he has indicated that formal approval of the report will be requested from all delegations. I understand that this action was taken at the instance of the U.S. delegation.

296.

C.D.H./Vol. 12

*Le président, le Conseil national de recherches, au ministre  
de la Reconstruction et des Approvisionnements*

*President, National Research Council, to Minister  
of Reconstruction and Supply*

Ottawa, September 26, 1946

Dear Mr. Howe,

On September 18, 1946 Dr. W. B. Lewis assumed the position of Director of the Atomic Energy Division of the National Research Council, and Dr. Cockcroft formally resigned as Director. This, I take it, formally terminates the partnership arrangement made in 1943 as between the United Kingdom and Canada for carrying out work in atomic energy.

As you know, Dr. Lewis is now a member of the National Research Council, and the project at Chalk River will be carried out as a definitely Canadian effort. While we will have the closest liaison and informal cooperation with Dr. Cockcroft and the atomic energy work in England there will from now on be no question of partnership in any official sense, and all reports, information and intelligence that pass from Canada to England should, I feel, go through our normal channels and not through the British High Commissioner's Office as formerly.

Yours sincerely,

C. J. MACKENZIE

297.

PCO/U-41-A

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM CG-659

New York, October 1, 1946

ATOM No. 131. Following from Atomic Energy Commission, Begins:  
Following from McNaughton, Begins:

1. As indicated in my message ATOM No. 128, I attended a meeting with the United Kingdom delegation and the United States delegation to discuss plans for tomorrow's meeting of Committee No. 2 and the further work of that Committee. Baruch, Hancock, Tolman, Gordon and Lindsay were there from the United States delegation, and Cadogan, Thompson and Mann from the United Kingdom delegation.

2. With few preliminary remarks, Hancock asked me to outline our suggestions for the procedure to be followed. I made the proposal that Committee No. 2 establish a working group, representative of all delegations and

with authority to draw, as may seem advantageous to the particular discussion in hand, on appropriate experts in any field related to atomic energy; this working group to render its findings in the form of reports to Committee No. 2 for consideration and decision; and that the terms of reference of this Sub-Committee be as follows: "to examine and report on the specific safeguards required at each stage in the production and use of atomic energy for peaceful purposes, to prevent the possibilities of misuse indicated in the Report of the Scientific and Technical Committee".

3. I pointed out that the intended discussions should be exploratory and should progress through three phases; the first involving measures to prevent diversion of materials from use for peaceful purposes; the second phase, measures to prevent clandestine operations; and a final phase, to discuss measures to prevent seizure of installations. Since many of the delegates to the Atomic Energy Commission are also delegates to the Security Council, it is important that the members of the proposed working group be left to the discretion of the delegations themselves and that the discussions proceed informally without voting, so that the greatest possible freedom of discussion might result, as had been the case in the Scientific and Technical Committee. I found that all, repeat all, present were in accord.

4. Cadogan and Hancock agreed that my suggestion obviated the necessity of political decisions at this time, and that if the discussion progressed from our present agreement on the Report of the Scientific and Technical Committee, through the various phases I indicated, we might contrive to reach the critical political stages when the general international situation was more propitious.

5. As a result of our discussion, my proposal was accepted and it was agreed that I should notify the Chairman of Committee No. 2 that I intended to speak on item 5 of the agenda, which is "a consideration of the further work of Committee No. 2 arising out of the Report of the Scientific and Technical Committee", and that I would propose a resolution thereon.

6. Incidentally, I learned that Wallace<sup>1</sup> had not been reconciled with the United States delegation, as indicated in my message ATOM No. 129,† and that it was thought that he intended to make a statement giving his views on how the United States delegation should have proceeded and introducing a new issue between himself and the United States delegation on the question of continued manufacture of bombs. I gather that Wallace's view is that manufacture of bombs should have ceased pending negotiation of an agreement. Apart from this, the United States delegation claim that Wallace's new suggestions are precisely the same as those made in the Baruch proposals, although Wallace is not prepared to agree. Ends. Message ends.

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<sup>1</sup>Henry A. Wallace, secrétaire du Commerce des États-Unis.

<sup>1</sup>Henry A. Wallace, Secretary of Commerce of the United States.

298.

PCO/U-41-A

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM CG-684

New York, October 8, 1946

SECRET. ATOM No. 141. Following from Atomic Energy Commission, Begins: Following from McNaughton, Begins:

1. The seventh meeting of Committee No. 2 took place the morning of Tuesday, October 8th. There were two items on the agenda:

(a) Consideration of the Report of the Scientific and Technical Committee, and

(b) Consideration of the further work of Committee No. 2 arising out of the Report.

2. Under (a), Professor Kramers, the Chairman of the Scientific and Technical Committee, read a reply to the question raised by the Mexican representative, Nervo, regarding the possibility of devising some less dangerous reactors which could be the subject of national operation and less stringent international control, leaving the dangerous reactors to international operation within an international zone. A copy of the reply as given in the Committee will be sent forward by bag.

3. When the Chairman asked whether there were any further questions arising out of the Report, the Australian representative said that he had himself thought of at least fifty questions that could be asked, and suggested that the important thing was to settle the method of a working programme for the Commission and then relate the questions to the discussion in hand. Gromyko then made some remarks to the same effect, suggesting that the important decision now related to how the Committee should proceed further in its work on the basis of the Report. He reminded the Committee that a resolution on this subject had been presented by the Canadian representative. He suggested that other members of the Commission might have suggestions to make in this regard.

4. Taking up Gromyko's remarks, I made a statement amplifying the proposals I had put forward at the sixth meeting of Committee No. 2 on Wednesday, October 2nd, and including a second paragraph in my resolution which would incorporate the method of procedure which had been developed in discussions with the United Kingdom and United States delegations in conversation with Ignatieff. The full text of my statement follows in my immediately following telegram.

5. My proposals were fully endorsed by the United States representative, Hancock, who added the observation, however, that in the present stage

of the work there was a lack of knowledge regarding possible developments in regard to the peaceful applications of atomic energy and that developments in atomic energy were in a fluid condition. For this reason, he suggested it was not possible to be specific in the safeguards which might be applied and that an international authority would have to be given powers to adjust controls according to changing developments. He said that in fact the present peaceful uses were mainly working hypotheses devised by scientists and, therefore, controls and safeguards would necessarily be of a conjectural character. His remarks were obviously intended to indicate the limiting factor in pursuing discussion along the lines we had proposed. He added, however, that the detailed examination of safeguards we had proposed would, he hoped, demonstrate that international control was absolutely indispensable.

6. Gromyko, who followed, said that the Canadian resolution was in two parts, the first dealt with the immediate objectives and terms of reference of the Committee, the latter part, as revised, with the question of procedure. He said that he was prepared to agree to the first part of the Canadian resolution. As to the second, he thought that it was not necessary to specify precisely the procedure which the Committee might adopt. He expressed no specific objection to the procedure, but that it might be left open to decision as discussion developed in the Committee to avoid unnecessary procedural complications. As to the precise questions which the Committee might next discuss, he said that the Canadian representative had made certain suggestions in his statement and he thought that each delegation might also submit suggestions, keeping them to a few essential points.

7. Cadogan spoke in support of the Canadian resolution and said that he hoped the Committee would make a decision on the resolution, adopting also the method of work proposed.

8. The representative of Mexico also spoke in support of the resolution and said that the Canadian plan was not only necessary, but he could not see how the Committee could advance its work in any other way. He also thought that it was desirable that the scientists should participate in discussions in the Committee, rather than have isolated questions referred to the Scientific and Technical Committee which would delay proceedings.

9. After the representative of Brazil had spoken in support of the resolution, the Chairman suggested that there appeared to be unanimous agreement on the first part of the Canadian resolution. As to the second part, there appeared to be agreement as to the procedure but doubt as to whether there was need to specify procedure within the terms of the resolution.

10. Gromyko then said that he had no objection to the scientists participating in informal meetings, but wished to avoid an excessively restrictive wording in the terms of the resolution. He said that the head of each delegation should be left to decide who should attend meetings of various Com-

mittees. He also did not want a new Sub-Committee set up and preferred that Committee No. 2 should hold informal meetings with scientific advisers participating in discussion.

11. Accordingly, he suggested rewording of the second part of the Canadian resolution which, with slight verbal changes, was adopted unanimously. The revised resolution, therefore, reads as follows:

That Committee No. 2 proceed to examine and report on the safeguards required at each stage in the production and use of atomic energy for peaceful purposes to prevent the possibilities of misuse indicated in the Report of the Scientific and Technical Committee.

That for this purpose the Committee may hold informal meetings as it may decide, at which scientific representatives may take part in the discussion.

12. Gromyko then said that as regards the agenda for the next meeting of the Committee the statement of the Canadian representative contained certain suggestions which he thought should be turned over to the Secretariat who might prepare a list of topics after consulting other delegations. This was agreed.

13. As regards the next meeting, it was agreed that the Committee would hold an informal meeting next Monday, October 14th, at 3:30 p.m.

14. The unanimity with which our proposal was adopted indicates that there is a general meeting of minds on the need to develop exploratory discussions along the lines we have suggested, with a view to indicating the degree and form of international control which countries would be required to accept to ensure that atomic energy is not used for other than peaceful purposes. The meeting was marked by a friendly and cooperative attitude on the part of Gromyko. The basic issues that divide the United States and Soviet positions, however, lurk in the background, and I have the impression that Cadogan and some members of the United States delegation have the feeling that progress along the road which has now been opened up may at any time be abruptly cut short. Ends. Message ends.

299.

PCO/U-41-A

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM CG-685

New York, October 8, 1946

ATOM No. 142. Following from Atomic Energy Commission, Begins: Following from McNaughton, Begins: Reference my message ATOM No. 141. Following is text referred to. Text begins:

Since the last meeting of Committee No. 2 I have had occasion to discuss informally with some of my colleagues in this Committee the resolution which I proposed last Wednesday, and in consequence, I think it might be

helpful to the discussion today if I were to make a few remarks at this time in amplification of the resolution which stands in the name of the Canadian delegation.<sup>1</sup> This resolution, you will observe, deals only with the suggested terms of reference which this Committee might adopt in its discussions arising from the report of the Scientific and Technical Committee, which we received last week.

In my statement I also made reference to a certain method of procedure, which I felt would be the most appropriate for advancing our work in dealing with the problem as formulated in the resolution I proposed. I suggested that we should proceed by the method of informal discussions.

It has been suggested to me that it might be helpful if the method of work which I propose be included in the terms of the resolution.

I would therefore propose to substitute the resolution which I submitted last Wednesday with the following resolution:

That Committee No. 2 proceed to examine and report on the safeguards required at each stage in the production and use of atomic energy for peaceful purposes to prevent the possibilities of misuse indicated in the report of the Scientific and Technical Committee.

That for this purpose, Committee No. 2 establish an informal working group, composed of two members of each delegation, one of whom shall be a scientific or technical representative, and with authority to consult other experts in any field related to atomic energy.

That this informal working group report its conclusions to Committee No. 2.

You will observe that the paragraphs I have added merely incorporate my suggestions regarding the organization and procedure of the Committee and would not affect its terms of reference. As regards the first paragraph, I have dropped the word "specific" for on further consideration I think that we are not in a position at this stage to expect to do more than clarify in our minds the forms which safeguards might take.

It also occurs to me that in considering the further work of this Committee, it might be helpful if I were to elaborate a little on the manner in which we might undertake, as my resolution suggests, "to examine and report on the safeguards required at each stage in the production and use of atomic energy for peaceful purposes to prevent the possibilities of misuse indicated in the report of the Scientific and Technical Committee".

The work might conveniently be divided into certain distinct phases. The Scientific report has indicated three distinct kinds of possible misuse, namely, diversion of materials, clandestine operations, and seizures of material or facilities.

I would suggest that measures to prevent these possibilities of misuse be considered separately in relation to each stage in the production and use of atomic energy for peaceful purposes, beginning with the mines.

<sup>1</sup> Voir Nations Unies, *Commission de l'énergie atomique*, Supplément spécial, Rapport au Conseil de sécurité, annexe 7, pp. 138-140.

<sup>2</sup> See United Nations, *Atomic Energy Commission*, Special Supplement, Report to the Security Council, Annex 7, pp. 138-140.

Thus in the first phase the discussion might lead to a report on various possible measures to prevent the diversion of materials from each activity in atomic energy for peaceful purposes considered in turn.

Proceeding to the second phase, the Committee might discuss possible safeguards to prevent the clandestine operation of mines and other activities leading to the manufacture of atomic weapons. In dealing with this problem it would, of course, need to take into account the extent to which the safeguards to prevent diversion of material would in themselves be effective in preventing clandestine operations.

As a third phase the Committee might discuss the problem of seizure and report on the possible measures of safeguard.

I have sketched these suggestions regarding a plan of work only as a rough outline. If this approach were agreeable to the Committee these suggestions would, of course, need to be elaborated in some detail.

To sum up, the plan which I propose is based upon the principle that we need to explore the facts and consider their implications before we can reach any useful conclusions. As I suggested, the working group might first examine the various possible measures of controlling their technical detail. We would then be in a position to discuss which of these are practicable and necessary to ensure that atomic energy is used for peaceful purposes only.

In other words, in this working group I would hope that we might so clarify the forms of control that might appropriately be applied to atomic energy, that we would then be able to discuss more profitably the content of an international agreement. Text ends. Ends. Message ends.

300.

DEA/201-B

*Le conseiller, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Adviser, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

PERSONAL AND TOP SECRET

New York, October 31, 1946

Dear Mike [Pearson],

Last night we had a discussion in Mr. St. Laurent's sitting room on recent developments in the Atomic Energy Commission with particular reference to issues arising out of Molotov's speech. There were present McNaughton, Wilgress, Macdonnell, Ignatieff and myself. At the beginning of the meeting Ignatieff gave us copies of the top secret teletype† which he sent you on October 30 reporting on the informal meeting of that day in the offices of the United States delegation on the Atomic Energy Commission.

From what McNaughton said it looks as if Baruch may very shortly, perhaps in a few weeks, pull his original proposals down from the shelf and force a vote on them in their original form.

The Soviet Union would of course reject them again out of hand. The probable result would be a breakdown of efforts to control atomic energy and a very great increase in international tension.

It may well be that the break in the Atomic Energy Commission is going to come before the end of the year. If it is to come we must surely, however, make every effort to ensure that the issue on which the breakdown comes is one carefully chosen by us as being best calculated to put the Soviet Union in the wrong. If a break is to come, it should be on a vote on proposals for control worked out in the Commission itself and not on proposals which few, if any, countries could accept in their original form without detailed study and negotiation.

McNaughton is pessimistic about the possibility of doing anything to head Baruch off. Baruch reports direct to the President; he tells the State Department nothing and refuses to have anything to do with anyone there but Byrnes personally when he is available.

Mr. St. Laurent encouraged McNaughton last night to go on with the plan which he has been following both of attempting to postpone a breakdown and of trying to work out a system for the effective control of atomic energy which goes no further than is shown by a careful international enquiry to be essential. Mr. St. Laurent urged the necessity, if a breakdown should come, of the western powers being in a position to demonstrate that they had explored thoroughly every possible avenue of agreement with the Soviet Union and that the proposal finally rejected by the Soviet Union was one which would commend itself to most other governments as practicable and capable of achievement, and went as short a distance as possible in the direction of world government.<sup>1</sup>

Yours sincerely,

ESCOTT REID

301.

DEA/50216-X-40

*Le haut commissaire de Grande-Bretagne au Premier ministre*

*High Commissioner of Great Britain to Prime Minister*

TOP SECRET AND PERSONAL

[Ottawa,] November 28, 1946

My dear Prime Minister,

I have received a telegram from my Government instructing me to inform you that Mr. Bevin recently raised with Mr. Byrnes, in the course of conversation in New York, the question of co-operation with the U.S. Government in the field of atomic energy.

<sup>1</sup> Voir le discours du Général McNaughton dans Nations Unies, Commission de l'énergie atomique, *Procès-verbaux officiels*, N° 6, sixième réunion, 13 novembre 1946, pp. 78-79.

<sup>1</sup> See General McNaughton's speech in United Nations, Atomic Energy Commission, *Official Records*, No. 6, Sixth Meeting, November 13, 1946, pp. 78-79.

Mr. Bevin pointed out to Mr. Byrnes that although it had been agreed by the President that there should be full and effective co-operation with the U.K. in regard to atomic energy developments, in practice this understanding had not been given effect, and it seemed that the Act recently passed by Congress might be a further obstacle in the way of such co-operation. Mr. Byrnes, in reply, said that he did not think that the U.S. Government had departed in any way from their undertakings to the U.K., and added *inter alia* that the document signed at Washington between the President, yourself and Mr. Attlee could apparently be interpreted in two ways, and that it would clearly be difficult for the U.S., without exposing themselves to a charge of hypocrisy, to enter into an arrangement for the exchange of information with the U.K. at a time when they were working for a system of control by the United Nations.

Mr. Bevin reported this conversation to Mr. Attlee and, in reply to his request for guidance on the points raised by Mr. Byrnes, Mr. Attlee has now sent him a message, a copy of which is enclosed for your personal information.† It is contemplated that Mr. Bevin should now have a further talk with Mr. Byrnes, in order that the latter may not be left with the impression that we accept his arguments, and that thereafter it should be arranged for Lord Inverchapel<sup>1</sup> to pursue the matter at his discretion with the U.S. authorities.

Mr. Attlee is anxious that you should know of these developments. In this connection it will be seen that one of the points made by Mr. Byrnes in his talk with Mr. Bevin was that the United States and Canada are opposed to the building of a pile in the U.K., and I have been asked to draw attention to this and to the relevant paragraph in Mr. Attlee's message.

Yours sincerely,

P. A. CLUTTERBUCK

302.

DEA/50219-X-40

*Mémoire du secrétaire du Cabinet au sous-secrétaire d'État  
aux Affaires extérieures*

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

TOP SECRET AND PERSONAL

Ottawa, November 29, 1946

With reference to Clutterbuck's top secret and personal letter to the Prime Minister dated November 28th and the enclosed copy of Mr. Attlee's message to Mr. Bevin dated November 26th,† the following observations occurred to me:

<sup>1</sup> L'ambassadeur de Grande-Bretagne aux États-Unis.

<sup>1</sup> Ambassador of Great Britain in United States.

1. The tone of these papers appears to be quite contradictory to the reports which we heard at the Panel the other day to the effect that the British were now pretty well decided not to push forward with development in the United Kingdom and that they contemplated sharing in a Canadian effort.

(Incidentally, Dr. Solandt told me this afternoon that he had heard that the government's atomic programme in Britain was going very badly indeed, that the scientists were pretty much fed up with the complicated civil service controls and that very little progress had been made. He also pointed to the fact that the U.K. budget for the next two years in this field had been limited to £500,000 which I gather is quite inadequate for the construction and operating of anything effective.)

2. As to the United States "and Canada" being opposed to the idea that a plant be built in the British Isles, I know of no evidence to our having expressed ourselves in this sense though Dean Mackenzie has certainly done so privately on several occasions. Of course, Mr. Howe may have said something of the kind to the Americans and we know that he is extremely skeptical as to the feasibility of the U.K. plans, at least on anything like their stated timetable.

3. My own feeling is that the British are correct in saying that they have at the least "a strong moral claim" and I should have thought that they are not stretching the plain meaning of the phrase "full and effective co-operation" in interpreting the Attlee-Truman-King document of November, 1945.

On the other hand, when Attlee pressed these arguments with the President last June, we felt that there was little or nothing to be gained by what Norman<sup>1</sup> called the exegetical approach. I still think that they will get nowhere on this tack though I have sympathy with their irritation with the American attitude.

4. You will have noticed in paragraph 5 of the Attlee message that the U.K. feel that development in Canada would be "a wholly inadequate substitute" because output would be "predominantly" under Canadian control. Mr. Howe certainly gave me the impression that when Sir John Anderson<sup>2</sup> was here it was precisely such a scheme that he had in mind.

5. It is not altogether unreasonable for the U.S. authorities to be reluctant to make new arrangements with respect to the committee and the trust while the U.N. Atomic Energy Commission is engaged in discussions of international control. On the other hand this does not meet the U.K. argument that they have in any event at the least a strong moral claim to assistance in going ahead with their plans.

Before very long we should know if there is any prospect of the U.N. Atomic Energy Commission's labour proving fruitful. It will then be up to them, I should think, to bring up the revision of the tripartite arrangements contemplated in November, 1945.

<sup>1</sup> N. A. Robertson.

<sup>2</sup> Le président, le Comité consultatif sur l'énergie atomique de Grande-Bretagne.

<sup>2</sup> Chairman, Advisory Committee on Atomic Energy of Great Britain.

Mr. Howe should be asked for his comments. My own feeling is that we should reply to the British in much the same way we did last summer; namely, expressing our general understanding of the continuing nature of the agreement to co-operate but at the same time our doubt as to the advantage of pressing the argument at this time. We should also deny (assuming that we can truthfully do so) that we are opposed to the building of a pile in the United Kingdom.

A. D. P. H[EENEY]

303.

DEA/201-F

*Mémorandum du secrétaire du Cabinet au Premier ministre*

*Memorandum from Secretary to the Cabinet to Prime Minister*

SECRET

[Ottawa,] December 3, 1946

UNITED NATIONS ATOMIC ENERGY COMMISSION, CANADIAN POLICY

1. Attached is a progress report from the Canadian delegation to the Atomic Energy Commission. This was the subject of discussion at the 9th meeting of the Advisory Panel on Atomic Energy (of which I am chairman) on November 22, when it was submitted and explained by General McNaughton. The report was examined in detail by the Panel and it was agreed that in the first instance it should be sent forward to you and to Mr. St. Laurent.

2. In view of the fact that the last occasion when atomic energy matters were under discussion in Cabinet was in May of this year, you may wish to consider what, if any, further distribution might be given this document. Mr. Howe attended the meeting and will receive a copy in the ordinary course as will Mr. St. Laurent.

3. I am also attaching a paper containing certain recommendations made by the Panel. Would you wish to have these considered by the Cabinet or can the delegation be instructed to go ahead on this basis, subject to Mr. St. Laurent's concurrence? Mr. Howe is satisfied with them.

A. D. P. H[EENEY]

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Rapport de la délégation à la Commission de l'énergie atomique  
des Nations Unies*

*Report by Delegation to the Atomic Energy Commission  
of the United Nations*

SECRET

November 29, 1946

1. Canada was represented on the Atomic Energy Commission of the United Nations which met for the first time in New York on June 14th,

1946, by General A. G. L. McNaughton, C.H., C.B., C.M.G., D.S.O., accompanied by Dr. G. C. Lawrence, as scientific advisor, and Mr. G. Ignatieff of the Department of External Affairs.

2. The Canadian delegation has been guided throughout by the views expressed by the Advisory Panel on Atomic Energy in its memorandum to the Cabinet of May 7th, 1946.

3. Discussion in the Atomic Energy Commission opened with an address by the United States delegate, Mr. Baruch, in which he put forward a program for the international control of atomic energy closely resembling that of the Lilienthal Report. The International Atomic Development Authority proposed by Mr. Baruch, however, was wider in its conception of forms of international control. The Lilienthal Report placed its main emphasis on international ownership. Acting upon endorsement of the memorandum of May 7th by the Cabinet, and after direct consultation with the Department of External Affairs, the Canadian representative indicated that Canada supported the principles upon which these proposals were based.

4. The Soviet plan, presented on June 19th, differed fundamentally from that of the United States. It proposed the immediate outlawry of atomic weapons, and that all stocks of atomic energy weapons be destroyed within a period of three months. The proposal differed diametrically from the Baruch plan. Moreover, the Convention put forward by the U.S.S.R. was essentially the draft of a Disarmament Agreement relating only to atomic weapons. No method was suggested for the enforcement of the Agreement, other than the declaration to be made by the signatory States that violation would constitute "a most serious international crime against humanity". The discussions which ensued occupied the attention of the Commission until July 31st.

5. Disagreement on the important principles became apparent between countries which, like the United States, favoured a system of effective international control through an International Authority with adequate powers and functions of inspection and control, and the U.S.S.R. which was opposed to international inspection and control, in principle, as a violation of national sovereignty and considered that the Security Council should be the body under the Charter to undertake any action to enforce a general agreement not to manufacture nor use atomic energy for military purposes. The Soviet representative would not accept any proposal which would undermine, in any degree, the principle of unanimity of the permanent members on all questions relating to the maintenance of peace and security. Thus discussion on the political issues came to an end with Mr. Gromyko's statement in Committee No. 2 on July 24th, 1946, that "The American proposals, in their present form, could not be accepted by the Soviet Union, either as a whole or in their separate parts".

6. It is worth noting that the Soviet representative attempted to use the veto in the Security Council when Canada wished to participate in the discussion of the Rules of Procedure of the Atomic Energy Commission in

accordance with Article 31 of the Charter. It was argued, however, by other members of the Council that the admission of members of the United Nations when their interests are specially affected under Article 31 was a procedural matter and it was so ruled by the President. Although the Soviet representative recorded his objection, the precedent was thereby established that Canada may participate in discussions in the Security Council when the affairs of the Atomic Energy Commission are on its agenda.

7. Some members of the Commission, including the Canadian delegation, felt that if the discussion could be turned away from broad questions of principle to a consideration in more precise form of the kinds of international obligation which countries would be asked to assume if an effective system of international control were established, this might facilitate progress in the Commission.

8. Accordingly, on July 31st, 1946, Committee No. 2 asked the Scientific and Technical Committee "to report on the question of whether an effective control of atomic energy were possible and together with an indication of the methods in which the Scientific Committee believes this could be achieved". The Scientific and Technical Committee submitted its report on October 2nd, 1946, and agreed unanimously that "We do not find any basis in the available scientific facts for supposing that effective control is not technologically feasible". The Scientific and Technical Committee, however, was not able to give an indication of the methods whereby the effective control of atomic energy could be achieved, as the Soviet representatives on this Committee regarded this as a political matter beyond the competence of scientists to discuss.

9. The preparation of the scientific and technical report coincided with General McNaughton's Chairmanship for August 14th to September 14th, 1946. The activities of the other Committees were suspended pending the completion of the report.

10. Responsibility for suggesting the next step in the work of the Commission naturally fell upon the Chairman. After consulting privately with all the delegations of the Commission, including that of the Soviet Union, the Canadian representative concluded that the next step in the Commission's work should be to endeavour to provide an answer to the question which had been left unanswered by the Scientific and Technical Committee, namely, the methods by which effective international control might be achieved and that this work should be undertaken by Committee No. 2.

11. The Canadian proposal which was accepted unanimously, was framed as follows:

That Committee No. 2 proceed to examine and report on the safeguards required at each stage in the production and use of atomic energy for peaceful purposes, to prevent the possibilities of misuse indicated in the report of the

Scientific and Technical Committee; that the Committee may hold informal meetings as it may decide, at which scientific representatives may take part in the discussions.

12. The informal discussions which followed proved of considerable value in clarifying both the form and degree of control which needs to be applied. The discussion was divided for convenience into three phases: The safeguards to prevent diversion of material being considered first; safeguards to prevent clandestine activities, second; and safeguards to prevent the seizure of materials and facilities, last.

13. In the discussions on raw materials, the Canadian delegation was able to make a useful contribution by having Mr. C. S. Parsons, Chief of the Bureau of Mines, and Mr. A. H. Ross of the Eldorado Refinery, describe the characteristics of the processes of the mining and refining of uranium, and lead the discussion of appropriate safeguards. The discussions in the informal conversations (and private talks with the United States delegation) have had the effect of directing thought away from the conception of international ownership or management of mines to that of inspection. In the case of the refineries, the concentrated condition of the material at this stage makes it desirable, in the view of the United States delegation, that the safeguards should take the form of management rather than inspection.

14. The United States delegation has been dissatisfied with the slow progress and has wished to clarify the Soviet position. Accordingly, the Atomic Commission was called in plenary session, at two days' notice, by the Chairman, (Khalifa—Egypt), the day before the Chair passed by rotation to the representative of France. At this meeting on November 13th, 1946, the Chairman proposed that the Commission should report its proceedings, findings, and recommendations to the Security Council by December 31st. Preparatory to this, Committee No. 2 should report to the Commission in plenary session by December 21st. This proposal was adopted, though the Soviet representative reserved the position of his Government, and the French and Netherlands representatives explained that they accepted the proposal on the understanding that the report would only record the progress that had been made to date, and would not affect the discussions in the Commission. At the first meeting after assuming Chairmanship, the representative of France reaffirmed that this was his interpretation of the decision that had been taken.

15. It is difficult to assess with any degree of assurance what the next stage may be. Developments in the Commission may be affected by the clarification of the Soviet attitude in relation to the problem of the international control of atomic energy during the debate on the Soviet proposals for disarmament put forward by Mr. Molotov in the plenary session of the General Assembly on October 29th, 1946. Concurrently with Mr. Molotov's suggestion that the General Assembly consider the question of general reduction of armaments, and as a primary objective, the banning of the manufacture and use of atomic

energy for military purposes, Stalin is recorded as having expressed the view in the press in reply to questions put to him by a representative of the press that "A strong international control (of atomic energy) is needed".

16. There would appear to be no grounds, however, for expecting any significant change in the Soviet attitude, and the Soviet representative in the Assembly may merely reiterate the proposals put forward by the Soviet representatives in the Atomic Energy Commission. The Commission may, therefore be expected to reaffirm the resolution passed by the General Assembly in London, and call upon the Commission to carry out its terms of reference "with the utmost despatch".

17. The next stage in the Commission's work, would seem to depend on the successful completion of discussions on the various methods of safeguard and control, relating to clandestine activities and the possibility of seizures as well as the diversion of material. Conclusions resulting from these discussions will probably point to the need for international inspection and control, and an International Authority through which these would operate. It would seem logical therefore that in the next stage the Commission should consider the functions and powers of an International Authority and the relation of such an Authority to the organs of United Nations. Thus the ground would be prepared for the drafting of the terms of an International Treaty specifying the obligations which would be required of signatory states, the functions and powers of the International Authority through which control would operate and the relation of that Authority to the United Nations.

18. There is in addition the question of benefits which members would derive from a system of international control of atomic energy. First, the degree of security afforded by a system of international control will need to be examined. Also, the benefits which flow from the various peaceful uses of atomic energy, which are in process of being developed, will have to be considered. The location of facilities and the allocation of materials are of fundamental importance to both aspects of the problem. Canada, as a country possessing raw material and a research plant for developing peaceful applications of atomic energy, will need to consider carefully the position which may result from the establishment of an international control system as envisaged in the Baruch proposals.

19. The immediate objective of the Commission will probably be to continue its work of clarifying all phases of the problems relating to the international control of atomic energy in an endeavour to carry out the terms of reference contained in the resolution of the General Assembly of January 24th, 1946. A better understanding of the benefits as well as obligations which would be involved in an international agreement for the international control of atomic energy seems to be essential for this purpose. This process will inevitably take time, and may be of little use unless a general political understanding is achieved with the Soviet Union.

20. The work of the Atomic Energy Commission must, therefore, be considered in terms of general relations between the Soviet Union and the

Western World as the Commission is merely one (though perhaps one of the most important) of a large number of points of contact. A breakdown in these negotiations might well precipitate a crisis in the entire structure of the United Nations. Even if the ultimate success of negotiations were in doubt (a conclusion which at present is premature) it seems imperative that the division between the Soviet Union and the Western World should not come as a result of a breakdown of negotiations in the Atomic Energy Commission.

21. The Canadian delegation has made every effort to avoid bringing to a head the basic differences between the Soviet representative and the other delegations (and in particular that of the United States) in the Commission. On the contrary, every endeavour has been made to maintain an orderly procedure in the negotiations and to maintain a spirit of cordial relationships. This course has been followed not only to advance the work of the Commission itself, but also in the hope that ultimately an agreement between the Soviet Union and the Western World on the questions arising from the discovery of atomic energy may be achieved on a political plane, if or when the Soviet Government believes it advantageous to surrender a sufficient degree of freedom of action in this field in the interests of security or for the wider benefits that may be derived from the peaceful applications of this new source of energy.

22. However, should discussions in the Commission reach a stalemate, it is probable that the United States Government will undertake direct negotiations with the U.S.S.R. through the usual diplomatic channels. Although the main responsibility for such negotiations would naturally be assumed by the United States, Canada and the United Kingdom may also be expected to participate, for in the event of a failure to establish a system of international control over atomic energy, the present tripartite arrangements will presumably be maintained, though consideration will no doubt have to be given to whatever modifications seem necessary to the three partners.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Recommandations de la Commission consultative sur l'énergie atomique*

*Recommendations of Advisory Panel on Atomic Energy*

[n.d.], 1946

In the light of the report on the progress of the Canadian delegation to the Atomic Energy Commission, the Advisory Panel on Atomic Energy recommends:

(a) That approval be given to the general approach to the problems of the United Nations Atomic Energy Commission followed by the Canadian delegation to date;

(b) That as an immediate objective the Canadian delegation should give support to all efforts to avoid a breakdown of the present negotiations in the Atomic Energy Commission;

(c) That the Canadian delegation should be instructed to continue to give support to the principles of the United States plan for the international control of atomic energy as an ultimate objective;

(d) That the Canadian delegation be authorized to give its support to the submission of a progress report from the Atomic Energy Commission to the Security Council;

(e) That the Canadian delegation be authorized to take whatever action is necessary to participate in the Security Council, under Article 31 of the Charter, when the report of the Atomic Energy Commission is under discussion;

(f) That the Advisory Panel on Atomic Energy consider the implications of the United States plan for the international control of atomic energy as they may affect Canada, and report to the Cabinet thereon from time to time in the light of reports from the United Nations Atomic Energy Commission.

304.

DEA/211-G

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State  
for External Affairs*

TELEGRAM 322

New York, December 5, 1946

TOP SECRET. ATOM No. 186. Following from Atomic Energy Commission, Begins: Following from McNaughton, Begins: Reference my ATOM No. 185 of December 3rd.† At request of the United States delegation to the Atomic Energy Commission, Ignatieff and I had a talk with Hancock and Lindsay regarding the proposals which it has been indicated Mr. Baruch would put before the Atomic Energy Commission at the meeting which is called for tomorrow afternoon.

2. Mr. Hancock gave me a copy of the statement, text of which is contained in my immediately following telegram.† Hancock told us that a copy had been shown to Gromyko and Alexandrov at lunch today, December 4th, that Gromyko had read it carefully and according to Hancock had made the comment that, so far as he could see, there was no substantial difference in the United States and Soviet positions, if it were accepted that both the planning and execution of an agreement relating to atomic energy, as well as disarmament, would be vested within the framework of the Security Council and subject to its decisions. Gromyko did not demur in any way at the proposal that this paper be submitted to the Atomic Energy Commission tomorrow and was told that there would be no question of a vote on it at that time.

3. Hancock said that the paper would be introduced personally by Mr. Baruch. Hancock agreed that the procedure, which no doubt would be followed, would be to refer the paper for detailed study to Committee No. 2.

4. As regards the background of the paper, Hancock said that Mr. Byrnes personally was of the opinion that the position of the Soviet Union should be clarified as regards both inspection and control, that it was not satisfactory to permit the Soviet representatives to get away with generalizations on these important questions and he had, therefore, agreed with Mr. Baruch that the maximum clarification should be sought in the report to be submitted to the Security Council at the end of the year.

5. Hancock observed that the conciliatory remarks of Gromyko at Luncheon were characteristic of the present development in Soviet attitude. He suggested that this was a result of recognition on the part of the Soviet that they were likely to have serious unrest in their own country unless they made more consumer goods available; to make consumer goods available it was obviously necessary to restrict armaments.

6. I observed on my part that, while any move by the Soviet representatives to meet us half way should be welcomed, it should not blind us to the fact that agreement on generalizations might lead to misunderstanding if language were not used precisely. We referred in this regard to paragraph 3 of the United States Resolution, and particularly to the second sentence thereof, which had obviously enabled the Soviet Government to argue that they were in agreement with the United States in proposing to invest in the Security Council the powers for "the working out of proposal to provide such practical and effective safeguards in connection with the control of atomic energy and other limitation or regulation of armaments."

7. I pointed out that it had always been understood that, as regards atomic energy, the proposals would be worked out in the Atomic Energy Commission and after translation into the form of a multilateral Convention would be referred directly to Governments. I urged that extreme care be taken to ensure that no opportunities for ambiguity should be left in any final text of a Resolution submitted for adoption in the Assembly. In this connection I pointed out that, if the situation in Russia had changed as Mr. Hancock had indicated, time was now on our side and there was no need for precipitate action.

8. At the conclusion of our talk, I left with the United States delegation several copies of a composite draft text of a Resolution on disarmament<sup>1</sup> prepared by the advisers of the Canadian delegation to the Assembly, on which the United States delegation passed very favourable comment.

9. You will observe that the United States paper, as presented, lacks the drastic character which we had been led to expect. The fact that in its

<sup>1</sup> Voir chapitre 8, partie 3, section B, sous-section 3.

<sup>1</sup> See Chapter 8, Part 3, section B, subsection 3.

present form it has only just been made available, may indicate that it was revised to meet the counsels of moderation, which we know had been expressed by others as well as by ourselves. Ends. Message ends.

This telegram written December 4th.

305.

DEA/50219-X-40

*Le Premier ministre au haut commissaire de Grande-Bretagne*

*Prime Minister to High Commissioner of Great Britain*

TOP SECRET AND PERSONAL

Ottawa, December 5, 1946

My dear High Commissioner,

I wish to acknowledge the receipt of your top secret and personal letter of November 28th, to which was attached a message from Mr. Attlee to Mr. Bevin, dated November 26th, dealing with the question of co-operation between the United Kingdom and United States Governments in the field of atomic energy.

In connection with the point made by Mr. Byrnes in his talk with Mr. Bevin that Canada is opposed to the building of a pile in the United Kingdom, I can assure you that the Canadian Government has expressed no opinion to the United States Government on this matter.

I would be grateful if you would convey to Mr. Attlee my appreciation of his courtesy in keeping me informed of these developments.

Yours sincerely,

W. L. MACKENZIE KING

306.

DEA/50219-X-40

*Le ministre de la Reconstruction et des Approvisionnements  
au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Reconstruction and Supply to Under-Secretary of State  
for External Affairs*

TOP SECRET AND PERSONAL

Ottawa, December 9, 1946

Dear Mr. Pearson,

I have your letter of December 2nd,† enclosing copy of a letter dated November 28th, from the United Kingdom High Commissioner to the Prime Minister, with a copy of message from Mr. Attlee to Mr. Bevin, concerning cooperation of the United Kingdom Government with the United States Government in the field of atomic energy.

I find on enquiry that the United Kingdom intend to build an experimental pile as first planned, and that the message received referred to a diffusion pile, which is an alternative method for obtaining the same product. It was the latter pile that will not be proceeded with at the present.

Regarding Canada's position, we had understood that the United Kingdom would join with us in developing the pile at Chalk River, and that this would continue to be a joint undertaking. I have no doubt that the United States were given the same understanding, when agreement was reached that the Canadian project would proceed. We were both disturbed when the announcement came that the United Kingdom would proceed independently, particularly as it meant the withdrawal from Canada of a large portion of the top staff at the Canadian project. There was the further feeling that the United Kingdom had been using experimental work in Canada not as a basis for a Canadian development but in reality for a United Kingdom pile on which a large part of the design work was carried out at Chalk River.

However, Canada has accepted the situation and as far as we are concerned, we are giving every cooperation to the project in the United Kingdom. We have, however, made it clear that the Canadian pile will in future be a wholly Canadian project under Canadian direction.

The United States have felt, and probably continue to feel, that there is danger to that country in having an atomic energy pile in a locality that cannot easily be defended. Their experience with security has not been good as far as the United Kingdom is concerned. I know that the military side at least is dubious about transmitting to the United Kingdom processes that the United States regard as secret. As a matter of fact, the United States will not give us information on matters that they feel we should work out by ourselves. We have not complained about the flow of information from the United States to Canada, but we are well aware that information could have flowed in greater volume to the benefit of our project.

The United Kingdom undoubtedly have as much information as we have, which should be sufficient to enable them to get on with their project, although the time element would be assisted by receipt of more complete information.

It seems to me that Canada should not be involved in this argument.

C. D. HOWE

307.

DEA/201-B

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 389

New York, December 12, 1946

SECRET. ATOM No. 196. Following from Atomic Energy Commission, Begins: Following from McNaughton, Begins:

1. At Mr. Baruch's request I went to see him at his home this afternoon, Tuesday, December 11th. On arrival he said he wished to tell me that he proposed to ask the Chairman of the Atomic Energy Commission to call an open meeting of the Commission so that the proposals which he had put forward at the plenary meeting on 5th December could be put to the vote. He said that Parodi had agreed to give his support. He was also certain that

Brazil, Egypt and Australia would give him their full support. He said that the Resolution in its present form would meet, what he called, the Canadian objection to the ownership of mines by the International Authority. (I reminded Mr. Baruch that the Canadian view on this matter was based on grounds of practicability and I thought that everyone in the Commission was now of the same mind.) I said also that Canada had consistently given support in principle to the plan which he had originally put forward. I said I had no doubt that our interests and those of the United States were closely similar; that we both desired to establish a lasting peace in the world and that, for this, control of atomic energy held a key place. I said we did not agree with some of the details of his proposals and I felt that some of the other members of the Commission would also wish to further examine the implications. I said that it was most important to carry the judgment of the Commission in any action which might be proposed.

2. I reminded Mr. Baruch of the discussion on atomic energy in the Assembly which had arisen in relation to disarmament. I questioned whether the time was opportune to duplicate this discussion in another place before agreement, or at least a conclusion, had been reached in the Assembly. In this connection, I referred to the proposals made and pressed by the Canadian delegation which, throughout, had defended both the Atomic Energy Commission and the essential points in the United States position.

3. Mr. Baruch expressed appreciation of our action in the Assembly which, in contrast to Sir Hartley Shawcross, he said, had been very helpful but he still thought the Assembly should be invited to leave atomic energy to the Atomic Energy Commission and that now was the time for a decision. As he put it, "for all men to stand up and be counted". He said that from the discussion in the Assembly no one could really understand the Soviet's intentions and that at this time it was most important to force a clarification of their position.

4. Mr. Baruch recalled the association of our Prime Minister and the Prime Minister of the United Kingdom with the Washington Declaration from which, through the Moscow Agreement, was derived the text of the Terms of Reference to the Atomic Energy Commission as contained in the Assembly Resolution of 24th January, 1946.

5. He said that the plan which he had put forward went no further than the Terms of Reference given to the Commission by the Assembly and that he was sure that what he had proposed would commend itself to Mr. King. He had felt the same as regards the attitude of the United Kingdom when Cadogan had been their representative on the Commission but now he was disturbed over the attitude expressed by Shawcross. He referred several times to this and he is obviously very disturbed by Shawcross' proposal in the Assembly Tuesday night that all armaments, as well as armed forces, should be subject to the verification of an International Supervisory Commission. If this were implemented it might involve disclosure of atomic energy information by the United States without the compensating safeguards provided under the Baruch Plan.

6. At this point we were joined by Eberstadt and Lindsay who had come from the Assembly discussion on disarmament in the Sub-Committee of Committee No. 1.

7. Eberstadt spoke appreciatively of the amendments to the Disarmament Resolution proposed by the Canadian delegation to the Assembly. He said that he attached particular importance to our proposed amendment to paragraph 2 as it now stands and he hoped we would accept a proposal that it should appear in the early part of the paragraph rather than at the end. Eberstadt also asked for our support to a general protecting clause to the effect that nothing in the Assembly Resolution should restrict or limit the Assembly Resolution of 24th January setting up the Commission. I assured him that I entirely shared his view.

8. Eberstadt and Lindsay went into the adjoining room to draft a report to Byrnes on the events in the Assembly Committee on Disarmament this afternoon. Baruch said that he would send this himself direct to Byrnes. I made no comment.

9. As I was leaving, Baruch pressed me for assurances that I would give him support in the Atomic Energy Commission. I said I had reported fully to my Government and that I had no doubt I would be given instructions in due course.

. . .

308.

DEA/201-B

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 409

New York, December 15, 1946

IMMEDIATE. SECRET. ATOM 201. Following from Atomic Energy Commission, Begins: Following from McNaughton, Begins:

1. Accompanied by Ignatieff, I had a long talk this afternoon with Baruch, Swope and Eberstadt.

2. Once again they endeavoured to prevail upon me to give support in the vote on the proposals which they propose should take place at Tuesday's meeting.

3. They told me that they now had six assured votes, including the United Kingdom. Cadogan apparently, on his return, has agreed to second the adoption of the Baruch proposals subject to the following amendments:<sup>1</sup>

(1) Part III, paragraph 3(a), second sub-paragraph; after the words "vested in the authority" add a new sentence "Atomic research for peaceful

<sup>1</sup> Voir Nations Unies, Commission de l'énergie atomique, *Procès-verbaux officiels*, N° 7, septième réunion, 5 décembre 1946, Supplément 3.

<sup>1</sup> See United Nations, Atomic Energy Commission, *Official Records*, No. 7, Seventh Meeting, December 5, 1946, Supplement 3.

purposes by national agencies shall be subject to appropriate safeguards established by the International Authority.”

(2) Part III, paragraph 3(e), second sub-paragraph; delete “the permanent members of the Security Council” to end of paragraph, and substitute “a violator of the terms of the Treaty shall not be protected from the consequences of his wrongdoing by the exercise of any power of veto.”

4. These proposals of Cadogan have been accepted by Baruch, and on this understanding we gather that Baruch has been given assurance that Cadogan will second his motion.

5. Baruch explained that the findings and recommendations contained in his proposals were not intended to be exclusive and pointed out that the Resolution which accompanied his proposals stated that “resolved, that Part II of the said report shall contain, *among others*, the following findings of the Commission.” He also explained that he did not intend that the wording given in his proposals should necessarily be adopted in the final version of the report. He said that his text would be open to drafting changes when the report was being prepared. However, he would insist that the report should at least include the principles contained in the United States Resolution. He said that if these principles were accepted by the Security Council, the way would be opened for the drafting of a multilateral Convention on Atomic Energy as the next step. He did not want to go into too much detail at this stage as this might give rise to prolonged debate in the Security Council. He thought that some of the principles could be examined profitably in detail while in the course of preparation of the draft Convention in the Commission.

6. He urged us most strongly, on this understanding, to give him support next Tuesday. I said that I could not commit myself before consulting my Government. However, I feel that in the circumstances, the wise course would be to give support in principle to the principles put forward by the United States delegation, reserving the right to make amendments in the course of the preparation of the report.

7. In the light of these developments, I propose to make a statement next Tuesday,<sup>1</sup> the substance of which will be given in my immediately following telegram,† and on which I would like to have your comments and general approval. Ends. Message ends.

<sup>1</sup> Voir Nations Unies, Commission de l'énergie atomique, *Procès-verbaux officiels*, N° 8, huitième réunion, 17 décembre 1946, pp. 103-107.

<sup>1</sup> See United Nations, Atomic Energy Commission, *Official Records*, No. 8, Eighth Meeting, December 17, 1946, pp. 103-107.

309.

DEA/201-B

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 249

Ottawa, December 16, 1946

MOST IMMEDIATE. SECRET. Reference your telegrams 409 and 410† of December 16th, following for McNaughton, Begins: Concur in the substance of proposed statement contained in your Atom No. 202,† giving support in principle to proposals put forward by United States Delegation while reserving the right to make amendments in the course of the preparation of the report. Also agree that report should cover important developments in the General Assembly relevant to the work of the Commission, and that adequate opportunity should be given for full review in the appropriate committee before final approval by the Commission.

310.

CEW/Vol. 2155

*Mémorandum de l'ambassadeur aux États-Unis*

*Memorandum by Ambassador in United States*

SECRET

[Washington,] December 17, 1946

With regard to the attached messages from New York,<sup>1</sup> I have discussed the position in the Atomic Commission by telephone with Messrs. Ignatieff and Reid and later with Mr. Pearson. I said that there was no chance of securing new instructions for Mr. Baruch by making representations at the State Department and that I did not think that the distribution of the text of General McNaughton's speech (which had been delayed in transmission to Washington) would now serve any useful purpose. I pointed out that the issue as presented to the Commission was procedural and that the best tactics were to try to meet it by procedural methods, such as proposing reference to a drafting committee. This would involve consultation with other delegations before the Commission meets again on Friday. It would be advisable, if possible, to get another delegation to move an appropriate resolution, and I suggested that The Netherlands would be suitable as Dr. Van Kleffens had expressed doubt this morning about the acceptance now finally of Mr. Baruch's proposals.

Mr. Pearson was in agreement with the position I had adopted. If it were necessary to vote on the Baruch proposals as they stood, he thought that the Canadian Delegation should abstain on the ground that while they accepted them in principle they felt that it was not yet time to bring them to a final vote in the Commission. On the other hand, he agreed that the

<sup>1</sup> Documents 304, 307 et 308.

<sup>1</sup> Documents 304, 307 and 308.

issue, which seems to be forced by Mr. Baruch's desire to get a decision by New Year's, might well be put off for a while.

In the view of our delegation I gather that Mr. Baruch, who can probably secure a majority vote in the Commission with Russia, Poland and France at any rate voting in the negative, is taking a line which plays into Russian hands. Although as presented to the Commission the issue is a technical one, they consider it in fact an issue of grave substance, the decision on which may determine whether the work accomplished is worth anything. If Baruch's proposals are carried by a majority only, the issue is only transferred to the Security Council and is in no sense solved.

H. W[RONG]

311.

DEA/201-B

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au 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 18, 1946

I am attaching two telegrams, 451 and 452,† received during the night from New York, on atomic energy matters. Last evening I had a long talk with Reid, and I found him and the delegation in a somewhat tense condition. He was inclined to emphasize that they were on the eve of a very important crisis which, if the United States delegation forced a vote Friday, might result in a split between Canada on the one hand and the U.S.A. and the U.K. on the other. They are, however, attempting to persuade the United States not to take any such forcing action, and are hopeful that they may succeed. I agree that, if the Americans act stupidly in this matter and force a vote on the Baruch resolution, paragraph by paragraph, we might well abstain, while accepting the proposal, generally, in principle.

Meanwhile, telegram No. 451 asks for your revisions on a passage from a proposed statement to be given Friday on that part of the Baruch proposal which deals with sanctions. My own view is that this enters unnecessarily into the jurisprudence of the Charter, and lays down an interpretation of the relation of that Charter to the imposition of sanctions "collectively" outside the Charter which will cause a good deal of questioning. However, I am hesitant to interfere with what is going on in New York, because the people on the spot ought to be the best judges, and also because they are so pressed and exhausted that interference might throw them into complete confusion. On the whole, I think the best thing for me to do, if you agree, would be to talk to Reid on the telephone and express my doubts; that is, if you agree with them.

## [PIÈCE JOINTE/ENCLOSURE]

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 451

New York, December 18, 1946

MOST IMMEDIATE. SECRET. ATOM No. 207. Following from Atomic Energy Commission, Begins: Following for Mr. St. Laurent from Reid, Begins:

1. Discussion by the Atomic Energy Commission of the Baruch Resolution.  
2. My immediately following teletype† gives the text of Section (e) of Recommendation 3 in Part III of the United States Resolution which is now under discussion in the Atomic Energy Commission.

3. On Tuesday, December 17th, General McNaughton referred, as you will have noticed from the text of his address, to the statement on sanctions which you had made in the First Committee of the Assembly.<sup>1</sup>

4. References to sanctions in the United States Resolution may prove to be the only insuperable obstacle to securing by December 31st a unanimous report by the Atomic Energy Commission to the Security Council.

5. From informal conversations which we had after Tuesday's meeting with members of the Commission and with newspapermen it is apparent that the implications of your statement on sanctions are not, repeat not, generally understood.

6. It would, therefore, I think, be useful if General McNaughton were to try to clarify the problem at the next meeting of the Atomic Energy Commission which takes place on Friday, December 20th.

7. I have prepared a draft of a statement on sanctions which he might make. This has been very hurriedly prepared. General McNaughton would be most grateful if you could find time to send us your revision of this statement.

8. I have tried to put this in as simple language as possible in view of the many misunderstandings about the problem, both within the Commission and by the general public. I am hoping that, as a result of the meeting of the Commission on Friday, it will become apparent that, if the Section on sanctions is deleted from the interim report which the Commission is to make to the Security Council by December 31st, we may be able to get a unanimous report. Otherwise, there is danger that we will split with the Soviet Union on a point which is, as you have said, of no real importance.

9. I understand that the State Department does not take as serious a view as we do of the results of a split vote in the Atomic Energy Commission on the report which it is to make to the Security Council before the end of the

<sup>1</sup> Voir le discours du Général McNaughton dans Nations Unies, Commission de l'énergie atomique, *Procès-verbaux officiels*, N° 8, huitième réunion, 17 décembre 1946, pp. 103-107.

<sup>1</sup> See speech of General McNaughton in United Nations, Atomic Energy Commission, *Official Records*, No. 8, Eighth Meeting, December 17, 1946, pp. 103-107.

year. Senator Austin will be taking charge of the United States delegation to the Security Council about January 8th and the State Department feels that by methods of conciliation in the Security Council, agreement could be reached there. Wilgress, however, feels very strongly and has so told Austin, that if a break should occur in the Atomic Energy Commission, it would be extremely difficult to repair it in the Security Council.

10. We are going through the United States Resolution clause by clause in order to find out the precise points at which—

(a) It conflicts with the General Assembly's Resolution on Disarmament;

(b) It includes "Findings" or "Recommendations" which are better expressed in the parallel Findings and Recommendations of the charter of the Atomic Energy Commission;

(c) Passages in the United States Resolution are susceptible of a number of different constructions, one of which may be dangerous to the aims which we all have in view.

11. From a number of telephone conversations this morning it has become apparent that the United States delegation to the Atomic Energy Commission is beginning to realize that they have put themselves in a very embarrassing position from which they may find it difficult to extricate themselves. They have been this morning pressing us to have informal discussions with them. We are holding them off until we have completed our scrutiny of their Resolution. However, in fairness to them we should like to be able to give them the results of our scrutiny tomorrow (Thursday) morning or afternoon.

12. Consequently, we would appreciate it if you could, at your earliest convenience, let us have your revisions of the passage on sanctions which reads as follows:

(1) This Section, as drafted, deals both with violations by individuals and with violations by nations. These problems require separate treatment.

(2) The Legal Committee of the First Session of the General Assembly has already given consideration to the problem of the creation of new crimes under International Law and of the machinery which should be set up for the punishment of individuals who commit these crimes. This is an extremely difficult and highly technical problem involving as it does not only international legislation but national legislation. It will probably involve making certain new crimes extraditable offences. It may involve the setting up of an International Criminal Court for the trial of persons alleged to have committed these new international crimes.

(3) The second paragraph of Section (e) states that "The judicial or other processes for determination of violations of the Treaty and of punishment therefor, should be swift and certain." No one would disagree with this statement of the objective. There could also be no possible objection to the sentence which follows and which provides that "serious violations of the Treaty should be reported immediately by the Authority to the nations party to the Treaty and to the Security Council."

(4) The next sentence, however, raises some difficulties. It reads as follows as amended by the United States on December 17th:

“In dealing with such violations, a violator of the terms of the Treaty should not be protected from the consequences of his wrongdoing by the exercise of any power of veto.” This sentence is obscure.

(5) Article 51 of the Charter of the United Nations states that “nothing in the present Charter shall impair the inherent right of individual or collective self defence if an armed attack occurs against a member of the United Nations, until the Security Council has taken the measures necessary to maintain international peace and security.” This clearly means that a permanent member of the Security Council cannot protect himself from the consequences of certain types of wrongdoing by the exercise of his veto in the Security Council. All he can protect himself against by his veto is the application of sanctions *by the Security Council*. His veto does not protect him, and could not possibly protect him from condign punishment inflicted on him by the members of the United Nations individually or collectively.

(6) Article 51 would appear therefore to cover the situation which would arise if a permanent member of the Security Council made an armed attack against another member of the United Nations. However, this Article, by itself, does not cover acts of aggression or threats of aggression which do not constitute armed attack. One such act might be the illicit manufacture of atomic bombs in violation of the international Treaties or Conventions on the Control of Atomic Energy.

(7) However, paragraph 4 of Article 2 of the Charter reads as follows:

“All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the purposes of the United Nations.”

(8) The first of the purposes of the United Nations is:

“To maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace. . .”

(9) The undertaking in paragraph 4 of Article 2 of the Charter is an undertaking by all the members of the United Nations, by the permanent members of the Security Council as well as by the other fifty members of the United Nations.

(10) If a permanent member of the Security Council violates its solemn undertaking under paragraph 4 of Article 2, it has violated the most important provision of the Charter of the United Nations. Any such violation would release all the other members of the United Nations from their obligation under the Charter not to threaten or use force against that delinquent State.

They would, however, continue to remain bound by their obligation in the Charter to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace.

(11) Let us therefore consider what would actually happen if the International Atomic Authority, set up by Treaties or Conventions with full powers of inspection and report, were to report that a permanent member of the Security Council was manufacturing atomic bombs in violation of the Treaty. The report of the International Atomic Authority would go direct to the members of the United Nations and to the Security Council. The members of the United Nations might take coercive action immediately or they might wait until the matter has been discussed by the Security Council. If they chose the latter course the permanent member which was illicitly manufacturing atomic bombs would, of course, veto the imposition of sanctions against himself. The meeting of the Security Council would be adjourned and the members of the Security Council, other than the culprit State, could then meet immediately as the Supreme War Council of an ad hoc coalition against the culprit State. This Supreme War Council would have at its disposal the machinery of the Military Staff Committee from which the members of the culprit State would either have seceded or have been ejected. They could also, if they so desired, and it might be desirable, call a special session of the Assembly which could, under the Rules of Procedure of the Assembly meet fifteen days after the call. The culprit State would have no veto in the Assembly so that the Assembly could immediately constitute itself the legislative body of the world coalition.

(12) Thus, under present circumstances, little would be gained by trying to persuade each of the permanent members of the Security Council to give up its veto over the imposition of military sanctions against a State found to be committing serious violations of the Convention or Conventions on atomic energy.

(13) This does not mean that in future it might not be desirable to deprive the permanent members of the Council of their present right to veto the imposition of sanctions. If, as we all hope, we meet with success in the task on which the United Nations is now engaged—general disarmament and the prohibition of methods of mass destruction—we may, and I hope we shall, reach a point at which the forces immediately at the disposal of the Security Council will so outnumber the forces at the disposal of any State, large or small, that the mere threat by the Security Council to use its forces against that State would be sufficient to bring it to terms. Under such circumstances, a proposal to deprive the permanent members of the Security Council of their present veto over the imposition of military sanctions would become realistic.

(14) Nor does what I have said mean that the International Atomic Authority should not be given power, under the Convention or Conventions establishing it, to impose certain sanctions against States which violate the Conventions—and impose these sanctions by the normal two-thirds vote.

These sanctions might include withdrawal of licences, cutting off of raw materials, closing down of power plants in the territory of the offending State and so on." Text Ends.

Please repeat to Canadian Embassy, Washington. Ends. Message Ends.

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DEA/201-B

*Mémoire du chef, la première direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

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

SECRET

Ottawa, December 19, 1946

I have gone over the Atomic Energy telegram No. 451 (Atom No. 207) with Mr. Warren and Mr. Halstead. The following points seem to emerge:

(1) The Delegation is afraid that the reference to the Veto (page 4, para. 4) will prevent agreement being reached.

(2) The Delegation therefore says that this clause isn't really necessary because under Art. 51 and Art. 2, section 4, members of the United Nations are bound to take action in common against an aggressor or a violator of treaty obligation.

(3) This interpretation seems to us to be an expansion in the meaning of the Charter which will not be accepted without argument. It assumes that nations which, because of violations of the Charter, are freed from obligations not to take action, nevertheless remain bound to unite against the violation or aggression. It also assumes that they will in fact agree, as United Nations, on an immediate course of action.

R. G. RIDDELL

313.

DEA/201-B

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

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

TOP SECRET

[Ottawa,] December 19, 1946

I have had another talk with Reid regarding the two atomic telegrams, 451 and 452.† I pointed out to him the difficulties which we felt we might get into if we laboured the argument which he makes in paragraphs 10 and 11 of 451. I said that I thought these paragraphs really should be omitted, or at least drastically modified along the lines which you indicated

to me over the telephone. Reid feels now that it may not be necessary to make a statement, as the United States are at last becoming impressed by the impossibility of their present position. If, however, any statement is required, paragraph 10 will be modified to make it less categorical, and paragraph 11 will be omitted.

L. B. PEARSON

314.

DEA/201-B

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 457

New York, December 19, 1946

MOST IMMEDIATE. SECRET. ATOM No. 210. Following from Atomic Energy Commission, Begins: Following for St. Laurent from Reid, Begins:

1. My teletype ATOM No. 207 of December 18th. Discussion by the Atomic Energy Commission of the Baruch Resolution. My immediately following teletype† contains the text of the "Observations" of the Canadian delegation on the United States Resolution (Baruch proposals), the text of which was sent to you in ATOM No. 187.† This is a complete statement with the exception of the statement on sanctions which was teletyped to you yesterday, ATOM No. 207.

2. The representatives of the United States delegation to the Atomic Energy Commission will be calling on us at 4:30 this afternoon and we shall hand them in confidence, and as a draft, the part of our observations which is given in my immediately following teletype.† If we have received clearance from you by 4:30 we shall hand them in confidence the passages on sanctions.

3. It now looks as if the United States delegation will capitulate and that they will accept tomorrow (Friday) the face-saving amendment to their Resolution which General McNaughton moved on Tuesday.

4. If they do not, it would look as if we ought to follow the following tactics, which I went over yesterday afternoon by telephone with Pearson: a very conciliatory brief statement by General McNaughton at the Commission's meeting tomorrow stating that he has studied the United States Resolution with care in order to find out the precise points at which (A, B, and C from paragraph 10 of ATOM 207) the apprehensions which he had expressed on Tuesday had been justified; that he therefore urged the United States to accept his amendment of Tuesday. If this fails (but I think that the chances are most unlikely that it will) it would then be necessary for us to circulate to the Commission immediately our observations on the United States Resolution. Ends. Message ends.

315.

DEA/201-B

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 459

New York, December 19, 1946

IMMEDIATE. TOP SECRET. ATOM No. 212. Following from Escott Reid, Begins:

1. Dr. Mann, the Scientific Adviser to the United Kingdom delegation, called this morning about 11:30 to see Ignatieff and, in Ignatieff's absence at a Committee meeting, was referred to me.

2. He had been sent to tell us that the United Kingdom delegation will inform Eberstadt of the United States delegation at 2:30 this (Thursday) afternoon that the United Kingdom will support in tomorrow's (Friday's) meeting of the Atomic Energy Commission the two Canadian amendments to the United States Resolution under which the words "the draft of the" are inserted in the two operative parts of the Resolution. The United Kingdom delegation will also inform Eberstadt this afternoon that they intend tomorrow to move the deletion of the eight words at the end of paragraph 2 of section (e) of Recommendation 3, so that the last sentence of this paragraph would read as follows:

"In dealing with such violations, a violator of the terms of the Treaty should not, repeat not, be protected from the consequences of his wrong-doing".

3. The United Kingdom delegation is considering an improved version of our amendment which they may move. It would replace the two operative parts of the Resolution by words along the following lines:

"Instructs Committee No. 2 to include the United States Resolutions in their draft report which they will discuss in detail before transmitting a comprehensive report to the Commission".

4. Mann also told me with considerable bitterness of feeling, and in the strictest confidence, that the United States delegation to the Atomic Energy Commission had called a meeting of seven members of the Commission (United Kingdom, China, Brazil, Mexico, Australia, Egypt and United States) on Tuesday morning, December 17th, before the meeting of the Atomic Energy Commission. The meeting lasted for half an hour. Eberstadt for the United States, insisted that those present, who constituted a majority of the Commission, should refuse to accept any amendments to the United States Resolution and that that Resolution should be voted through at the meeting of the Commission that morning. When the Mexican representative, who is now Chairman of the Commission, stated that he would have to maintain a position of impartiality, Eberstadt said that while he could pretend to be impartial, it must be understood that "what we want is a vote".

5. Dr. Mann also heard that it was as the result of a cable to Dr. Evatt, presumably from Baruch, that the Australian delegation received instructions to vote for the United States Resolution.

6. From what Mann said, I should think it is doubtful whether the United Kingdom has for many centuries had the whip applied to it in this way by another Power.

7. I told Mann, in confidence, that Eberstadt was calling on us at 4:30 this afternoon and that we would be handing him a nine-page single-space memorandum containing our "observations" on the United States Resolution, and would be letting him know that we do not, repeat not, intend to recede from the amendments which we had moved on Tuesday.

8. I also suggested to Mann that, in the unlikely event that the United States did not capitulate before Friday's meeting, it might be wise for us to consider whether one of us (United Kingdom or Canada) ought not to move a procedural motion deferring a vote on the United States Resolution. I said that it would appear to me that there would, by to-morrow morning's meeting, be five certain votes in favour of such a procedural Resolution (Canada, Netherlands, France, U.S.S.R., Poland), and four, and possibly five, certain votes against (United States, Mexico, Brazil, Egypt, and possibly Australia). The United Kingdom and China might, therefore, hold the balance but, if the United Kingdom were to support a procedural Resolution for deferment of the vote, it would probably swing China and Australia, so that if it were necessary to press the procedural motion to a vote it would then be passed by a satisfactory vote of eight to four.

9. Almost immediately after Mann left, Mr. Pearson telephoned me to state that you felt that Canada should not become too involved in the argument, that the last part of the section on sanctions in the United States Resolution was not necessary. This is the part which begins "In dealing with such violations". Pearson went over the speech with me by telephone and agreed, subject to further consideration, that if we considered it necessary we might use an amended version of the statement at Friday's meeting.

10. The amended version would differ as follows from the text transmitted to you under ATOM<sup>1</sup> of today:

(1) Add at the end of paragraph 2, "In view of the complexities of the problem, it might be wise, at this stage of the work of the Commission, to do no more than establish the principle that individuals should be punished for violations of the Conventions. The first sentence of this section (with the omission of the words "and upon nations") would appear to cover adequately, so far as the present interim report is concerned, the problem of violations by individuals".

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<sup>1</sup> Voir la pièce jointe (ATOM No. 207), Document 307.

<sup>1</sup> See Enclosure (ATOM No. 207), Document 307.

(2) Change the last sentence of paragraph 5 to read, "His veto does not protect him and could not possibly protect him from condign punishment inflicted on him by his fellow members of the United Nations".

(3) Delete paragraph 8.

(4) Amend the second sentence of paragraph 10 to read, "Any such violation would be likely to make other members of the United Nations feel that *they* are released from *their* obligation under the Charter, not to threaten or use force against that delinquent State".

(5) Substitute for the succeeding two paragraphs, which are both numbered "11" in our copy of the teletype (the first of these paragraphs begins "They would however"; the second paragraph begins "Let us therefore consider"), the following paragraph:

"The mere existence of the veto in the Security Council would make no practical difference. If there came about a situation where it was generally felt that it was necessary to take armed measures against a Great Power which was threatening the peace of the world, those armed measures would be taken—veto or no veto. There can be 'no question of the right of complying States, veto or no veto, to take immediate action in defence of the rule of law'. (The quotation is from the address delivered by Mr. Byrnes, the Secretary of State of the United States, before the General Assembly on December 13th)".

(6) We would then move immediately to paragraph 12, which begins, "Thus under present circumstances".

(7) The second sentence of the next paragraph would be reworded as follows:

"If the United Nations succeeds in the task on which it is now engaged—general disarmament, the prohibition of methods of mass destruction, and the implementation of Article 43—the forces at the disposal of the Security Council will be so overwhelmingly superior to the forces of any State, large or small, that the mere threat by the Security Council to use those forces against that State would be sufficient to bring it to terms".

11. I shall telephone Mr. Pearson to-morrow (Friday) morning at 9:15 a.m. to find out whether you or he have any further improvements to suggest and whether we have your permission to use the amended statement at the meeting of the Atomic Energy Commission on Friday, at 10:30 a.m. if, in our judgment, it would be useful.<sup>1</sup> Ends.

<sup>1</sup> Pour le discours du Général McNaughton proposant l'amendement à la proposition des États-Unis voir Nations Unies, Commission de l'énergie atomique, *Procès-verbaux officiels*, N° 9, neuvième réunion, 20 décembre 1946, pp. 123-126.

<sup>1</sup> For General McNaughton's speech moving the amendment to the United States proposal see United Nations, Atomic Energy Commission, *Official Records*, No. 9, Ninth Meeting, December 20, 1946, pp. 123-126.

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DEA/201-B

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 469

New York, December 21, 1946

SECRET. ATOM No. 218. Following from Atomic Energy Commission, Begins: Following from McNaughton, Begins:

1. My immediately preceding telegram† contains the text of my statement to the Atomic Energy Commission on Friday, 20th December, and of the Resolution passed by the Commission by a vote of ten in favour, with Lange (Poland) abstaining and Gromyko not taking part in the vote.<sup>1</sup>

2. Before the meeting Gromyko told Wilgress that he had no instructions and did not expect to receive any for some days. In consequence, he could take no part in the day's proceedings. At the beginning of the meeting Gromyko, speaking in a most conciliatory manner asked for a postponement of six or seven days as he was unable to speak on the substance of the United States Resolution and wanted more time to compare it with the General Assembly Resolution of the 14th of December on disarmament.

3. I spoke immediately afterwards and Baruch accepted my amendment stating that he interpreted it as acceptance of "the principles embodied in" his Resolution. Cadogan, Hasluck and Alberto (Brazil) also supported it. Parodi commended the Resolution for its precise wording and gave our whole position the warmest support. He again clarified his position on the veto. He said that "minor sanctions" could be provided for within the terms of the Convention and might include restriction of the supply of material and the withdrawal of licences. He said the question of "major sanctions" could be dealt with either by stipulating that States breaking the terms of the Convention should be considered parties to a dispute, or by invoking Article 51 of the Charter.

4. Lange (Poland) said that any forcing of a vote which could not be unanimously accepted must have the effect, whatever the intentions of those who proposed it, of destroying the atmosphere of co-operation attained in the Assembly. He begged that we should not now throw this away improvisantly and create an atmosphere of disagreement. In what seemed to be an effort to get Gromyko's consent, he suggested an amendment to the Resolution which would merely refer the United States Resolution to Committee No. 2, omitting any suggestion of approval of the United States Resolution. I said I very much regretted that I could not accept this change and Lange

<sup>1</sup> Voir Nations Unies, Commission de l'énergie atomique, *Procès-verbaux officiels*, N° 9, neuvième réunion, 20 décembre 1946, pp. 123-126, 136 et 140-141.

<sup>1</sup> See United Nations, Atomic Energy Commission, *Official Records*, No. 9, Ninth Meeting, December 20, 1946, pp. 123-126, 136 and 140-141.

then introduced a Resolution of his own referring the United States Resolution to Committee No. 2 for consideration.

5. I immediately announced (on the suggestion of Ignatieff) that I would be obliged with regret to abstain from voting on the Polish Resolution, and expressed the hope that Lange would likewise return this courtesy by abstaining from voting on the Canadian Resolution. Gromyko stated that he would not participate in the voting, including that on the Polish Resolution, as he interpreted it as approval of the United States Resolution.

6. Gromyko's motion to adjourn was defeated by ten votes to two (Poland and the U.S.S.R.). When Lange explained that his Resolution did not imply any approval of the United States Resolution, Gromyko voted in favour of it. It was rejected by nine votes to two, with Canada abstaining.

7. Lange then said that in order to demonstrate that spirit of conciliation shown by the Canadian delegation he would, for that reason only, abstain from voting on the Resolution, which enabled the Resolution, as amended by Canada, to be adopted with no contrary votes.

8. After the meeting, members of the United States delegation, including Baruch, Eberstadt, Hancock and Tolman expressed, not only their warm approval, but also their appreciation of the action taken by the Canadian delegation. Eberstadt, in particular, made the comment that the results of the meeting amply justified the work of the previous evening when I gave him the substance of the Resolution I was prepared to move. Warm support was expressed especially by Lange, Parodi, Kramers (Netherlands) and Briggs (Australia). Herring of the Secretariat phoned especially to express his appreciation of our efforts. Ends. Message ends.

317.

DEA/201-B

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 474

New York, December 23, 1946

IMMEDIATE. TOP SECRET. ATOM 222. Following from Atomic Energy Commission, Begins: Following from Ignatieff, Begins:

1. Lindsay of the U.S.A. delegation got in touch with me Sunday night, December 22nd, and came to dinner with me. In a friendly and conciliatory atmosphere we discussed the events of last Friday in the Atomic Commission and the problem of dealing with the amendments of the U.S.A. Resolutions in the Working Committee.

2. As to the past he was frank in admitting that the Canadian amendment had helped the Commission out of a most difficult situation. He expressed himself personally and in confidence as having opposed the tactics that had been employed by Mr. Baruch.

3. The important points mentioned were:

(a) That in view of what he described as the weak leadership given by the executive side of the Government of the United States in recent months many had thought it necessary that Mr. Baruch as one of the few acknowledged leaders of the United States should assert this leadership, otherwise the prestige of the United States Government would suffer at home and abroad.

(b) That the decision on Friday at least recorded the fact that ten nations were anxious to get on with the job, and would not accept tactics of delay from the Soviet representatives.

(c) That as a result of the displeasure caused by the tactics of Eberstadt and Swope, Hancock's influence would probably come to the fore again.

4. The question of the interpretation of the Canadian amendment came up. I explained that our understanding of the amendment was that, the principles of which the findings and recommendations contained in the United States Resolution were based, would be included in the draft of the final report from the Commission to the Security Council, subject only to amendments in the interest of clarity and precision, except in those cases where these findings and recommendations were not, repeat not, in conformity with the Assembly Resolution on Disarmament.

5. I pointed out that any reference to the use of veto by the permanent members in the Security Council on atomic energy matters was a case where the United States Resolution would be found not to be in conformity with the Assembly Resolution.

6. Lindsay gave the impression that at least some members of the United States delegation accepted this view but this was an issue to which Mr. Baruch personally attached the greatest significance.

7. I suggested there were really two important principles involved:

(a) That any nation seriously or consistently violating the Convention should be subject to immediate and condign punishment. The implementation of that principle involved measures of collective force by the signatory States rather than the rule of unanimity in the Security Council, which in this context was academic (I referred to Mr. St. Laurent's statement in the Assembly).

(b) That no nation should be able to hinder or thwart the International Control and Inspection Authority in its day to day functions which might be expected to include the imposition of penalties for minor infringements of the Convention. This would obviously have to be worked out in some detail, taking into account the statements made by the Soviet representatives during the disarmament discussions in the Assembly that the veto would not apply in the various control organs set up under the terms of the Convention or Conventions.

8. Lindsay asked whether I would offer an amendment to the United States Resolution incorporating these ideas and pressed me several times asking to have it by Monday night December 23rd. He gave me to understand that Mr. Baruch might be persuaded to accept an amendment which would assert

the principle of swift and condign punishment for nations violating the Convention and indicating that the implementation of this principle would require effective measures such as the immediate application of collective force within the framework of the United Nations.

9. Since dictating the above I have had another call from Lindsay. He indicated that sympathetic and detailed consideration was being given to the proposed Canadian amendments many of which he thought would not only be accepted but welcomed by the United States delegation.

10. He said that Hancock was arranging a cocktail party for representatives from each of the delegations to the Atomic Energy Commission this afternoon at 6:00 at the Union League Club, Soviet and Polish representatives to be included.

11. It is Hancock's intention to provide a cordial and conciliatory atmosphere for all delegates to discuss informally the question of amending the United States Resolutions. I naturally accepted the invitation and will go prepared for a general discussion but not for detailed consideration of amendments. Ends. Message ends.

318.

DEA/201-B

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 480

New York, December 27, 1946

SECRET. ATOM No. 225. Following from Atomic Energy Commission, Begins: Following for Pearson from Ignatieff, Begins:

1. At the twelfth formal meeting of Committee 2 which was held Thursday, 26th December, the draft of the first report of the Atomic Energy Commission to the Security Council was approved by ten votes, including that of the Canadian representative. Poland abstained and Alexandrov (U.S.S.R.) did not participate. Alexandrov extended Gromyko's statement in the Commission last Friday about needing more time to cover the whole report in its present form.

2. Approval of this draft report in Committee 2 means that, with the addition of the findings and recommendations of the United States delegation as they emerge after their consideration in the Working Committee on the basis of the Canadian amendment, it will be incorporated in the final draft of the report of the Atomic Energy Commission to the Security Council.

3. Two copies of the above-mentioned report are being forwarded under separate cover in which are noted several drafting changes approved by Committee 2. Ends. Message ends.

319.

DEA/201-B

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

SECRET

[Ottawa,] December 27, 1946

UNITED NATIONS ATOMIC ENERGY COMMISSION;  
REPORT TO SECURITY COUNCIL

At the meeting of the Cabinet on December 27th, a report† was submitted on the present position of the above matter. The difficulties which had arisen were outlined, and it was reported that the Canadian delegation had been instructed to the effect that, if the representatives of the Big Four powers were agreed in accepting the U.S. proposals in their present form, the Canadian delegation were not to press their principal amendment, which was intended to achieve uniformity between the Commission's report on the matter of the veto and the terms of the Assembly's resolution on disarmament.

The Cabinet noted with approval the report submitted.

320.

DEA/201-B

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 484

New York, December 28, 1946

SECRET. ATOM No. 227. Following from Atomic Energy Commission, Begins: Following from McNaughton, Begins: Following is the text of a statement which I made in the Working Committee yesterday afternoon after it had become clear that there was no hope whatever of persuading the United States delegation to refrain from pressing the question of the veto to a conclusion.

"The Canadian delegation had hoped that in drafting our report to the Security Council we would find language in this important section which would make it possible, particularly for all the permanent members of the Security Council, to be in agreement on this important issue. That has been our paramount consideration with regard to this matter. I note that the representative of one of the permanent members is not participating in the discussion (U.S.S.R.). Another has expressed reservations (France) and another has added some doubts as to the need for particular words (United Kingdom). The Canadian delegation takes an objective view. We want a satisfactory result. We are more concerned with this result than with the method and we will, therefore, conform to the views of the majority of the Committee on this text.

We have drawn attention in our memorandum to the need for consideration to be given to possible action under Article 51 or other provisions of the Charter and this idea is now reflected in the draft before us. Thus, if this text is approved when the matter goes before the Security Council, the Committee will have provided two suggestions regarding methods of dealing with the consequences of serious violations of the Treaty for consideration. If the first is not agreed upon in the Security Council, then we have the other one which, in our view, may offer a practical basis of finding a solution to the problem of enforcement."

2. A full report on the meeting follows in my next succeeding message. Ends. Message ends.

321.

DEA/201-B

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 485

New York, December 28, 1946

SECRET. ATOM No. 228. Following from Atomic Energy Commission, Begins: Following for Pearson from Ignatieff, Begins:

1. As agreed with Mr. Pearson and General McNaughton by telephone conversation with Ottawa, I visited Eberstadt at his request at the offices of the United States delegation to discuss with him amendments to the United States Resolution contained in AEC/15 December 14th, 1946, in the light of the Canadian memorandum entitled "Observations of the Canadian Delegation on the Resolution Proposed by the United States" dated December 19th, 1946.†

2. I went over the United States paper paragraph by paragraph, concentrating on the more important of the changes suggested in the Canadian memorandum. Eberstadt agreed to a substantial number of useful changes in the language of the United States Resolution.

3. We were not, however, able to reach agreement on Recommendation 3 (E) which includes the sub-paragraphs relating to the veto question, on which I reported separately in my message ATOM No. 223, December 27th, 1946.†

4. At the conclusion of our discussion, Eberstadt said that he would incorporate the changes to which he had agreed in a revised draft of AEC/15 and this text, which is transmitted verbatim to you in my immediately following message,† served as a basis of discussion at a meeting of the Working Committee on December 27th.

5. The changes accepted by Eberstadt are indicated by the words which are underlined, with the consequent omissions from the United States text placed in brackets.

6. You will observe that a note was entered before the beginning of Recommendation 3 (E) to the effect that the sub-paragraph was discussed but not agreed upon.

7. A separate message† will report on the further changes that were agreed upon in the discussion of this paper in the Working Committee. Ends. Message ends.

322.

PCO

*Extrait des Conclusions du Cabinet*

*Extract from Cabinet Conclusions*

Ottawa, December 30, 1946

12. THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, referring to the discussion at the [Cabinet] meeting of December 27th, reported upon further developments in New York.

The Canadian Delegation were going to accept the Baruch proposals. They had attempted to have the U.S. representatives accept some modification in reference to the veto, with the object not of protecting the veto but of obtaining an agreed text which would achieve wider support.

The United States, however, were determined to hold to their original proposals in this respect. On the other hand, the U.S.S.R. took the attitude that the U.S. representatives, in this particular case, were attempting improperly to change the provisions of the Charter. For practical purposes it was a matter of indifference whether the veto was or was not referred to in the report to the Security Council.

13. THE PRIME MINISTER said that it was evident that the United States would not undertake to give up the atomic bomb or enter an international agreement if a violator were to be protected by the veto. As the Minister had pointed out, the United States had come to regard this as a test of Soviet good faith. In the circumstances, the Canadian Delegation had been instructed to support the U.S. position and vote accordingly on the report to the Security Council.<sup>1</sup>

14. THE CABINET, after discussion, noted with approval the Minister's report and the course to be followed by the Canadian Delegation.

<sup>1</sup> Voir le discours du Général McNaughton dans Nations Unies, Commission de l'énergie atomique, *Procès-verbaux officiels*, N° 10, dixième réunion, 30 décembre 1946, pp. 150-151.

<sup>1</sup> See General McNaughton's speech in United Nations, Atomic Energy Commission, *Official Records*, No. 10, Tenth Meeting, December 30, 1946, pp. 150-151.

## CHAPITRE VI/CHAPTER VI

### AVIATION CIVILE

### CIVIL AVIATION

323.

DEA/72-RT-40

*Le sous-secrétaire d'État adjoint, le ministère de l'aviation civile  
de Grande-Bretagne, au Bureau du Conseil privé*

*Assistant Under-Secretary of State, Ministry of Civil Aviation  
of Great Britain, to Privy Council Office*

London, January 14, 1946

My dear John [Baldwin],

This is by way of an interim reply to your letters of 27th December, 1945, and 3rd January 1946,<sup>†</sup> but, first may I extend to you the Season's Greetings and best wishes for 1946.

#### PORTUGAL

We are proceeding without any more formal request to approach the Portuguese Government for the privilege required in Portuguese territory by the Government of Canada,<sup>1</sup> and I have asked the Foreign Office to discuss with the Portuguese Government the best procedure for negotiating the Agreement. I anticipate no difficulty in securing the right to exercise all 5 freedoms in Portuguese territory, with reciprocal rights limited to Freedoms 1 to 4.<sup>2</sup>

<sup>1</sup> Voir les documents 1240, 1241 et 1242.

<sup>2</sup> Les cinq libertés de l'air sont:

*1e Liberté:* La liberté de traverser un territoire sans atterrir;

*2e Liberté:* La liberté d'atterrir pour des raisons non commerciales;

*3e Liberté:* La liberté de débarquer des passagers, du courrier et des marchandises embarqués sur le territoire de l'État dont l'aéronef possède la nationalité;

*4e Liberté:* La liberté d'embarquer des passagers, du courrier et des marchandises à destination du territoire de l'État dont l'aéronef possède la nationalité;

*5e Liberté:* La liberté d'embarquer des passagers, du courrier et des marchandises à destination du territoire de tout autre État contractant et le privilège de débarquer des passagers, du courrier et des marchandises en provenance du territoire de tout autre État contractant.

<sup>1</sup> See Documents 1240, 1241 and 1242.

<sup>2</sup> The five freedoms of the air are:

*1st Freedom:* The freedom to fly across a territory without landing;

*2nd Freedom:* The freedom to land for non-traffic purposes;

*3rd Freedom:* The freedom to put down passengers, mail and cargo taken on in the territory of the State whose nationality the aircraft possesses;

*4th Freedom:* The freedom to take on passengers, mail and cargo destined for the territory of the State whose nationality the aircraft possesses;

*5th Freedom:* The freedom to take on passengers, mail and cargo destined for the territory of another State and the privilege to put down passengers, mail and cargo coming from any such territory.

As regards rights for R.C.A.F. aircraft, the Air Staff will be pleased to take up, on your behalf, any rights you require at the Azores to enable R.C.A.F. transport services to continue to operate so long as Canadian occupation forces are in Europe.

#### AMENDMENTS TO BERMUDA DOCUMENTS

Our copies contain the same errors as appear in yours, and we will make the necessary corrections, taking our exchange of letters as authority.

There is a further error in paragraph 8 of our copy of the Annex to the Bilateral Agreement. In the first sentence reference is made to "to capacity to which it is entitled under the preceding paragraph". This reference occurs in two places in the sentence. In both cases "paragraph" should be altered to read "paragraphs", since capacity under paragraph 5 as well as under paragraph 7 is involved. Here again I suggest we amend our respective copies.

#### EXCHANGE RESTRICTIONS

Lord Winster<sup>1</sup> has written to the Chancellor of the Exchequer representing the views of the Canadian Government, as expressed by Mr. Howe, and strongly recommending exemption from the restriction in the case of air passages. We will advise you by telegram when a reply is received.

#### WEST INDIES AGREEMENTS<sup>2</sup>

The Colonial Office have proposed to the Caribbean Colonies the same basis of qualified reciprocity as the Bermudian Government accepted, and we will let you have their reactions by telegram.

As regards stopping places, it would be preferable if they could be specified. Could you not specify all the possibles on the basis of "a route from Canada to the West Indian Islands and beyond via Bermuda, including all or any of the following stopping places ....."?

As regards the Form of the Annex, I suggest that we should open with a paragraph in which H.M.G.<sup>3</sup> on behalf of the various Colonies (to be named) accords to T.C.A., as the designated airline in Canada, the right to pick-up and set-down traffic in U.K. territories (except for cabotage traffic between the Islands South of Bermuda), on a route between Canada and the West Indian Islands and beyond via Bermuda, and calling at all or any of the following places. The capacity and frequencies of the services, and the tariffs to be charged, shall be agreed at the outset and on subsequent revision, between the Government of Canada and the Government of the U.K. on behalf of the Colonial Governments concerned.

This could be followed by a paragraph embodying the Provisions we agreed at Bermuda as regards reciprocity. Then continue with a paragraph

<sup>1</sup> Ministre de l'Aviation civile de Grande-Bretagne.

<sup>2</sup> Voir les documents 875 et 876.

<sup>3</sup> His Majesty's Government.

<sup>1</sup> Minister of Civil Aviation of Great Britain.

<sup>2</sup> See Documents 875 and 876.

to the effect that in the event of any of the Governments concerned electing to exercise the rights of reciprocal operation in accordance with the provisions of the preceding paragraph, the following provisions shall apply as regards services between Canada and the territory concerned. Then follow with those standard provisions which are appropriate.

If this suggestion accords with your views we will prepare a draft on these lines.

Mr. Howe's point about reciprocal operation from individual Colonies really need not give cause for concern. In the first place, the negligible capacity to which each individual Colony would be entitled on a 3rd and 4th Freedom basis places a series of independent Colonial operations beyond the realms of practical air line operation. In the second place, B.W.I.A.<sup>1</sup> is being developed as the chosen instrument for the British Caribbean area, and any reciprocal rights would be exercised by them as the designated airline of all the Colonies.

Turning to your letter of 3rd January about Iceland, we have not yet negotiated our Bilateral Agreement with the Icelandic Government. We would propose, therefore, to deal simultaneously with Canada and the U.K. (by separate Agreements), subject to the proviso that we should not pursue 5th Freedom rights on your behalf if Iceland will not grant them on a non-reciprocal basis. Again, we need no formal request to act as your agents unless the Icelandic Government asks for our credentials!

I look forward to our next meeting. I have the happiest recollections of our talks at Bermuda. What more proof is needed that complete frankness and a spirit of mutual accommodation will solve most international problems? I hope to have an opportunity to pay an early visit to Montreal to see P.I.C.A.O. at work, and, while in Canada I could not miss visiting your lovely city again.

You will probably have noticed that we have embarked on discussions with the Americans at Bermuda. Apparently the Americans came forward with the proposals whilst we were in Bermuda, and as they were anxious that conversation should be in progress when the Loan Bill is introduced into Congress, we have met their wishes. Hildred has taken my usual place in the team, and I can only hope that this Delegation will succeed where their predecessors have failed.

My warmest regards to Mr. Howe and Mr. Symington and to all the Canadian team.

Yours sincerely,

W. C. G. CRIBBETT

P.S. Do come to the next C.A.T.C.<sup>2</sup> meeting.

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<sup>1</sup> British West Indian Airways.

<sup>2</sup> Commonwealth Air Transport Council.

324.

DEA/72-MK-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 144

Ottawa, February 7, 1946

Sir,

I have the honour to enclose herewith the Instrument of Ratification of the Convention on International Civil Aviation.†

The Convention was approved by Resolution of the House of Commons on November 26, 1945, and by Resolution of the Senate of Canada on December 5, 1945. The Instrument was executed on February 1, 1946, pursuant to Order in Council P.C. 214 of January 26, 1946, which authorized the Secretary of State for External Affairs to execute the ratification and to provide for the deposit of the Instrument with the United States Government.

It would be much appreciated if you could arrange for the enclosed Instrument to be deposited with the United States Government, in accordance with the provisions of Article 91 of the aforesaid Convention.

I have etc.

E. R. HOPKINS  
for the Secretary of State  
for External Affairs

325.

C.D.H./Vol. 97

*Mémoire du Bureau du Conseil privé au ministre  
de la Reconstruction et des Approvisionnements*

*Memorandum from Privy Council Office to Minister  
of Reconstruction and Supply*

Ottawa, February 13, 1946

The attached memorandum represents my own preliminary reflections upon the effect of the new U.K.-U.S. agreement as far as Canada is concerned. I have prepared it in some haste because I wanted it to reach your hands before you left for the West Coast.

J. R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du Bureau du Conseil privé  
Memorandum by Privy Council Office*

Ottawa, February 13, 1946

The new U.K.-U.S. aviation agreement signed in Bermuda with its substantial modification of the previous U.K. policy has a direct bearing on Canadian aviation policy.

The new agreement provides for a reciprocal U.K.-U.S. exchange of the first five freedoms. While it establishes certain very broad principles regarding maintenance of equilibrium between capacity and traffic and protection of local traffic, there is no specific mechanism for regulation of capacity or frequencies; apparently the U.K. is relying on a clause giving it the right to register a complaint with PICAO if the U.S. misuses its privileges.

There are four important considerations for Canada.

1. The effect of this agreement upon present work of PICAO.
2. The advantages and disadvantages for Canada in adopting a similar policy.
3. The possibility of a Canadian grant of the fifth freedom on a limited basis only.
4. The desirability of revision of Canadian agreements with the U.S. and U.K.

I. On the first of these points, PICAO has been studying regulation of rates, capacity and frequencies in an attempt to find a satisfactory formula for the permanent convention. The lines along which it has been working, apparently with some success, provide for protection of fifth freedom traffic through a rate differential and adjustment of third and fourth freedom traffic on a regular basis. The regulatory features have been more stringent than those contained in the U.K.-U.S. agreement.

Should the U.K.-U.S. formula be taken over by PICAO with a view to incorporating it in the permanent convention, along with the five freedoms? Generally it would appear that PICAO would scarcely be able to get agreement on a formula more rigid than that now accepted by the two major nations, the U.K. and U.S. It is true that the lines along which PICAO has been working are preferable to the principles in the U.K.-U.S. agreement and there is always the slight possibility that some of the smaller countries such as Belgium and Canada will be sufficiently keen on a solution along the lines already under discussion in PICAO, and will keep the matter open. On balance, however, it is unlikely that the U.S. will accept a greater degree of control in PICAO than it has in the U.K. agreement. Moreover we can scarcely expect the U.K., having accepted the Bermuda deal, to strive for anything more advanced in PICAO now.

Under the circumstances the best thing might be to ask Mr. McKim to sound out some of the other Council members, particularly those who have been interested in achieving a satisfactory permanent convention, letting us know his opinion on the foregoing points. If it appears that we are confronted with the alternative of either leaving the permanent convention as it is or incorporating the new U.K.-U.S. approach then we will have to decide whether from the Canadian point of view this would be in our interest.

II. As for the respective advantages and disadvantages of granting fifth freedom rights in Canada, it is difficult to do more than guess at probable results. If we are to grant any fifth freedom rights in Canada presumably we

would have to make them available to both the U.K. and U.S. at least. We might encounter the following competitive developments in respect of our own traffic position on certain routes.

(a) We might expect U.K. and U.S. competition on the route from the central and western portion of the U.S. to Europe via Chicago and Montreal. This would probably be the most serious result of any granting of fifth freedom rights in Canada.

(b) We might expect a limited amount of competition for traffic between Eastern Canada and the U.S. Atlantic seaboard and for traffic between Eastern Canada and the U.K. It is unlikely that the U.S. will fly many planes to Europe via Montreal. The U.K. has, however, indicated in the agreement with the U.S. that it intends to operate a route to Montreal and then to New York, New Orleans and Mexico; this might siphon off some Canadian traffic. In general, however, with the possible exception of direct service to Scandinavia it might be expected that most of the trans-Atlantic operations to New York will run directly without making a traffic stop at any Canadian centre and in consequence any loss to Canada would be slight. (Moreover, any siphoning off of Canada-U.S. traffic would be, under present arrangements, at the expense of a U.S. air line (Colonial) rather than at the expense of TCA).

(c) Some years hence if the Northwest Staging [Route] becomes a major artery to the Far East fifth freedom rights on this route might be important, particularly for the U.S., and we might suffer some loss of traffic. This, however, is at least five to ten years in the future and is scarcely an immediate problem.

(d) Lines operating from Latin America and the West Indies to the U.S. will want to come on to Canada and will want to have fifth freedom rights between Canada and the U.S. This situation might seriously affect the amount of traffic available to Canadian and U.S. lines on border routes if allowed to develop extensively. Presumably most of them will want to operate between major traffic centres in Canada and U.S. primarily New York, Chicago, Toronto and Montreal.

It should be borne in mind that in effect certain U.S. Lines already have fifth freedom rights from Canada to Latin America. For example, American Airlines operates to Toronto and Mexico City and may sell tickets in Toronto to anyone wishing to travel to Mexico. This is an argument we should keep in mind in re-negotiation with the U.S.

On the other hand certain advantages should accrue to Canada from fifth freedom rights elsewhere.

(a) Fifth freedom rights in the U.K. would be important to us if we should decide to operate on to the Continent of Europe. Unless there is some modification of present plans, however, this would be of little use to us for the next few years. Certainly if we grant fifth freedom rights we should review our plans in this connection with a view to getting full benefit from these rights in the U.K.

(b) On our Pacific service we would presumably have access to U.S. traffic on the West Coast and in Hawaii. This should be a substantial advantage. (In fact the advantage might be such as to justify our looking again at the joint arrangements with Australia and New Zealand to see whether it would be wise to continue on the pooled basis which we have accepted hitherto).

(c) Fifth freedom rights in the U.S. would be very useful on any route to the West Indies and Latin America. In fact they might be sufficiently important to justify concentrating more than we have done hitherto on plans for development of our southern service, extending its coverage and intensity if we can get fifth freedom rights in the U.S.

(d) It would be possible to use the matter of fifth freedom rights as reason for the review of the Canada-U.S. exchange of notes, and possible modification of policy. First, however, it would have to be clearly determined that there would be any advantages for Canada in modification.

Substantially, modification might be expected to take the line of agreement that on either all or at least the major Canada-U.S. routes competitive services would be allowed, subject, of course to rate control. (The net effect would be the same since if all routes were opened for competition in this fashion it is likely that competition would develop only on the more heavily travelled routes). In this event the U.S. would probably want to put services on between Toronto and Chicago, and between Toronto and New York and possibly between Toronto and Cleveland. We in return would probably want to put services on from Ottawa and Montreal to New York and possibly Washington, from Winnipeg to Chicago, would presumably wish to straighten our Toronto-Chicago run out to include Windsor and might wish to run from Vancouver to Seattle.

On balance this exchange appears relatively even. It should, however have the added merit for Canada of allowing the development of certain special operations of a particularly economical nature which would be advantageous, such as triangular operation between Toronto, New York, and Montreal, and possibly triangular operation between Winnipeg, Chicago and Toronto and between Vancouver, Victoria and Seattle.

III. If we should decide to grant any fifth freedom rights would it have to be done on a full multilateral basis or could we grant them only to the U.K. and U.S.? If the general Bermuda formula is incorporated in the permanent convention it may be extremely difficult for us to avoid its acceptance, thus making a multilateral grant of the first five freedoms. On any other basis, however, it might be desirable for the present at least to limit any grant of the fifth freedom to the U.K. and U.S. (and possibly to any Latin American country to which we intend to operate). We could do this without being accused of discrimination because we could argue that any wider extension of services in our own particular sphere would inevitably mean disequilibrium between traffic and capacity.

Another possibility which should be seriously considered is that even if we grant general or limited fifth freedom rights we might make a special reservation in respect of traffic between Canada and the U.S., reserving this solely for carriage by Canada and U.S. airlines on the present basis of trans-frontier extensions of domestic services.

IV. As regards present agreements comment has already been made upon the question of revision of the exchange of notes with the U.S. We might also indicate to the U.K. that in our opinion the principles of the U.K.-U.S. agreement should be taken over and applied to the Canada-West Indies agreement. I am not certain that we need suggest a similar modification of the Canada-U.K. agreement at present although that may have to be done a little later.

#### SUMMARY

On balance it seems to me that if the Bermuda formula is accepted by PICAQ Canada will probably have to accept it and that in that event we should certainly seek revision of all our outstanding agreements including that with the U.S.

In the interim, we might gain sufficient advantages (1) out of fifth freedom rights in the U.S. on our Latin American and Pacific runs and (2) in revision of our agreement with the U.S., to justify a grant of the five freedoms to the U.S. and to the U.K. For the present I would be inclined to try to hold back on any fifth freedom agreements with any Latin American countries with the possible exception of Brazil and any other territory such as Cuba to which we may plan to operate. I would also be inclined for the present to reserve Canada-U.S. traffic from the operations of any grant of fifth freedom.

(It would be even more advantageous if for the present we could merely exchange fifth freedom rights with the U.S. and not with the U.K., but as suggested above it would be a pretty difficult thing to do.)

J. R. BALDWIN

326.

DEA/72-ADU-40

*Le ministre de la Reconstruction et des Approvisionnements  
au Bureau du Conseil privé<sup>1</sup>*

*Minister of Reconstruction and Supply to Privy Council Office<sup>1</sup>*

February 18, 1946

Thanks for your memorandum of February 13th.

It seems to me that we should sit tight for the moment and watch developments. I will be glad if you would have a talk with Anson McKim and give

<sup>1</sup> À J. R. Baldwin.

<sup>1</sup> To J. R. Baldwin.

him your views as far as PICAQ is concerned. Personally, I do not see that anything can be gained by changing our position vis-à-vis U.S.A. or U.K. at this moment. Also I see no reason to make agreements with other countries at this time.

I suggest that it would be well to push Cribbett on the West Indies Agreement and try and get that completed. Also urge him to complete arrangements with Portugal. As far as Ireland is concerned, it seems to me that we should wait and see what deal is made between the U.K. and Ireland. Arrangements with other countries can wait until my return.

I think that there is no doubt that eventually we will have Fifth Freedom arrangements with everyone, but I hope that these will come through by multi-lateral agreements to be supervised by PICAQ. Until we find out whether the latter is possible I see no point in making a bilateral agreement other than those in hand. I hope that you will urge all concerned to get on with opening up Canadian-U.S.A. routes. You will note from past experience that it takes a long time to get approval from C.A.A.<sup>1</sup> and therefore no time should be lost in filing these applications.

You can get me at any time by telephone at the Empress Hotel, and I expect to be back in Ottawa around the 23rd March.

C. D. HOWE

327.

C.D.H./Vol. 96

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

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

TELEGRAM 1077

Ottawa, May 29, 1946

IMMEDIATE: Following for Robertson from Wrong, Begins: My telegram No. 1050 of May 27th† Headquarters of PICAQ.

1. Mr. Howe wishes the Prime Minister to know that the choice of the permanent headquarters will probably be made on Monday or Tuesday and that at present out of about 38 probable votes the line-up is 18 for Montreal and 14 for Europe. The issue, therefore, rests with the delegations which have not declared themselves, including the United Kingdom, South Africa and New Zealand. He would like to know whether his suggestion reported in my previous telegram has been acted on and also whether Prime Minister would be willing to speak to Smuts and Nash in the hope that they might give guidance in favour of Montreal to their delegations. Ends.

<sup>1</sup> Civil Aviation Authority.

328.

C.D.H./Vol. 96

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

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

TELEGRAM 1305

London, June 4, 1946

TOP SECRET. Following from Robertson for Wrong, Begins: Your telegram No. 1050, proposed headquarters of PICAQ. Lord Addison, with whom Prime Minister had previously discussed question, informed Prime Minister today that his colleagues and himself had agreed unanimously to support Montreal. Instructions have been issued to the delegates to vote accordingly. Ends.

329.

DEA/72-ADU-40

*Rapport de la délégation à la première réunion de  
l'assemblée intérimaire de l'OPACI<sup>1</sup>*

*Report of the Delegation to the First Meeting of  
the Interim Assembly of PICAQ<sup>1</sup>*

[n.d.] 1946

## SECTION II

APPRECIATION OF THE RESULTS AND AN ACCOUNT  
OF THE MAIN CONTROVERSIAL ISSUES

The First Assembly was a successful shareholders' meeting. The Assembly expressed unqualified approval of the work of the Council and adopted an extensive programme of Council activities. There was a general recognition of the importance of the organization, a keen interest in its problems and a determination to establish a permanent organization as early as possible. An acknowledgment of the common objective and a cooperative spirit were evident in even the most controversial issues. There were no clashes of personality and no aftermath of bitterness such as marred the Chicago Conference and detracted from its substantial achievements.

The session was, however, disappointing, even disheartening, to those who looked to the Assembly for agreement on multilateral conventions, either on air transport to complete the task at which Chicago failed, or on air law or air navigation. Canadian representatives felt this the most keenly perhaps because at Chicago the Canadian delegation had almost succeeded in reconciling the opposing United States-United Kingdom positions on an air transport convention.

<sup>1</sup> La réunion a eu lieu du 21 mai au 15 juin.

<sup>1</sup> The meeting took place from May 21 to June 15.

There were, nevertheless, factors that somewhat mitigated the disappointment. The Assembly affirmed the opinion that a multilateral convention constituted the only solution compatible with the character of the organization. Most of the member states tabled detailed constructive comments. There was useful discussion and the Council was charged with preparing a multilateral convention for circulation to all members to facilitate consideration by the next Assembly. From the views expressed it was apparent also that the problem had great complexity and that there were genuinely differing requirements of certain areas that had not yet received full consideration.

On technical matters relating to air navigation, it was recognized that civil aviation was still undeveloped in many countries. It would in consequence be a hardship to impose on those countries standards and practices which were appropriate for countries where greater progress had been made, particularly since the standards and practices were new and might shortly be modified in the light of experience.

On air law, there was no deflection from the objective of ultimate unification, but the wisdom of proceeding cautiously and the need for further study were generally acknowledged.

The main controversial issues were: (1) the multilateral convention on air transport; (2) the selection of the permanent home and (3) the filling of the 21st seat on the Council.

#### (1) MULTILATERAL CONVENTION ON AIR TRANSPORT

The issue problem of drafting a multilateral agreement, which promised to be the most serious of the Assembly, was unexpectedly quickly resolved when it became apparent that the United States opposed the reaching of any agreement during the Assembly meeting and that there was no strong support for immediate action forthcoming from any member except Canada. The United Kingdom which, from the events at Chicago, might have been expected to support the Canadian position, had recently concluded with the United States a bilateral agreement granting the Five Freedoms and had thus abandoned the position she had so strongly supported at Chicago. The United States-United Kingdom alignment was perhaps too formidable for those countries, chiefly in Europe, which one would have thought had much to gain from a multilateral convention. The Canadian delegation made clear their belief that postponement was dangerous: that the longer the member states followed the course of concluding bilateral agreements the less chance there was for securing the adoption of a multilateral agreement. Unsaid but implied in the Canadian argument was the fear that in the present state of aviation the United States, politically powerful and further advanced than any other in its civil aviation development, would have a clear field to apply their power and utilize their

development to capture the major airways of the world. If others shared this fear, their actions gave little hint of it.

When Canada bowed to the inevitable, the meetings became a study group for serious and useful, though inconclusive, discussion that left for the uncertain future, any positive step to impose limitations on the struggle for supremacy in the air routes of the world.

Australia reiterated its preference for an internationally-owned airline and the United Kingdom in announcing for the first time its support of the Australian view furnished perhaps the biggest surprise of the meeting.

## (2) SELECTION OF A PERMANENT HOME

The heaviest argument occurred not on the selection of the site itself but over the question whether selection should be made during the Assembly or deferred.

The case for deferment was pressed vigorously by the United Kingdom and France and supported by the European states. The main lines of the argument were that a European site was preferable to an American site, but if the decision were taken at the Assembly, the chance of a European site being selected would be prejudiced, since Europe, still suffering from the devastation of war was not in a position to compete with America in the provision of accommodation, housing and food. It was claimed that a European site was readily accessible to most of the members and would relieve those countries whose dollar deficiencies were greatest of a drain on their limited resources. A European site, since it was closer to the locus of the most complex problems of civil aviation, would induce a better appreciation of the problems and a readier solution. France made a strongly emotional plea for the devastated countries of Europe, urging the location of PICAQ in Europe on the grounds that international collaboration in the air had its beginnings in Paris, where ICAN<sup>1</sup> and CITEJA<sup>2</sup> have for the last twenty years furthered international cooperation. The United Nations had located in the new world and it was urged that the old world should be the home of PICAQ to offset, in part, this loss.

The case against deferment was made in the main by the United States and Canada and supported by all Latin American countries. Their argument, made primarily on practical grounds, was that the organization could not be fully effective until a permanent home had been selected because of the difficulties of providing facilities and of recruiting personnel. The French complaint that reaching a decision under existing conditions would show lack of consideration for war-shattered France was met by pointing out that the United States and Canada could not fairly be charged with

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<sup>1</sup>International Convention on Air Navigation.

<sup>2</sup>Commission internationale technique des experts juridiques aériens.

want of sympathy for France and her problems of reconstruction. The voting on various resolutions in sub-commission and commission was close with almost a clear-cut cleavage between Europe and America.

Once it had been decided to select the site, it was comparatively plain sailing for Montreal, although a threat arose "in the corridors" from an attempt on the part of the Mexicans to have Mexico City nominated. This would have split the Montreal vote. However, the Mexican delegation's efforts to form a Latin American group were unsuccessful. Chile, Venezuela, Peru and perhaps others refused to unite in a common front, under Mexican leadership, in the face of United States opposition to the Mexican proposal. The final vote on the actual site was 27 for Montreal, 9 for Paris, 4 for Geneva and 1 for China. After the vote had been taken the French graciously acknowledged the appropriateness of Montreal and said that their stand had been taken on principle, as representing the policy that French delegations were expected to adopt at other international conferences. As for the nomination of China by China, some accepted the Chinese statement that China was put forward merely as the opening of an offensive to be waged in international meetings designed to bring ultimately an international organization to China, either permanently or for meetings. Others observed that the nomination of China permitted that country to avoid making a decision.

### (3) FILLING OF THE TWENTY-FIRST SEAT ON THE COUNCIL

A see-saw struggle was waged over the question of filling the twenty-first seat on the Council. At Chicago the maximum size of the Council was set at twenty-one. Twenty of the seats were then filled and the twenty-first left open in the hope that the U.S.S.R. would join PICAQ and occupy the seat.

Here, as in the matter of selecting a permanent home, the serious differences arose not over the selection of the country but over the issue as to whether the Assembly should take action. All European members (save Spain and Portugal) and all Commonwealth countries urged that the door be left open to U.S.S.R. participation. The United States, all Latin American countries and Ireland held that the U.S.S.R. had had ample chance to show an interest in PICAQ and had not done so. There was, therefore, no purpose in keeping the door open for a guest that had refused many invitations and clearly did not intend to come. The United States said many countries had made substantial contributions to PICAQ and had thus earned the right to be elected to the Council. The Canadian view was that a Council of twenty was sufficiently large for a membership of forty-four and, since there were no strong practical reasons for filling the vacancy, it should be left open.

The United States delegation seemed impressed by the sincerity of the political arguments offered by the European countries, but one member confessed that the United States was committed to nominate Ireland for the

vacancy and could not abandon the position taken. In sub-commission and commission it was decided to leave the seat unfilled, but the Assembly reversed these decisions by a vote of 20 to 18.

The selection of the new Council member was a formality. The rival candidates to Ireland were South Africa and Argentina who nominated themselves. Argentina, in fact, joined PICAQ just in time to nominate herself for membership in the Council but not in time to participate in any other activity. South Africa received one vote; Argentina six, including one has reason to suspect Spain, Chile, Colombia and Bolivia. The remainder were cast for Ireland.

The vote clearly recognized the value of the contribution that Ireland had made to PICAQ at the Dublin Regional Meeting and the very active interest displayed by the Irish delegation. Their position was not offset by the fact that Ireland has not seen fit generally to grant even the first of the Five Freedoms but has made the exercise of it conditional upon foreign aircraft landing in Shannon on every flight over Ireland.

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*Le représentant au Conseil intérimaire de l'OPACI au ministre  
de la Reconstruction et des Approvisionnements*

*Representative to the Interim Council of PICAQ to Minister  
of Reconstruction and Supply*

Montreal, September 7, 1946

Dear Mr. Howe,

NORTH ATLANTIC WEATHER SHIPS

Commander Edwards<sup>1</sup> writes that he agrees Canada should participate in the provision of these stations, but he advises that no funds are available in the current year's appropriation and that no financial obligations can be undertaken. He is willing to release Mr. McTaggart-Cowan<sup>2</sup> to accompany me to the London meetings starting September 17th for the technical discussions.

Representatives of thirteen North Atlantic States will draw up an agreement for ratification by their home governments and I think others may be in the same difficulty as Canada in finding funds immediately. The U.S.A. however are definitely prepared to operate four or more stations (their total share would be about six) and it is probable that the U.K. and France will operate at least one each. The possibilities for the remainder will be better known at the meeting in London and I note from news that reaches me from planning levels of D.N.D. Naval that the operation of one station might be

<sup>1</sup>C. P. Edwards, sous-ministre des Transports.

<sup>2</sup>P. D. McTaggart-Cowan de la division météorologique du ministère des Transports.

<sup>1</sup>C. P. Edwards, Deputy Minister of Transport.

<sup>2</sup>P. D. McTaggart-Cowan of the Meteorological Division of the Department of Transport.

attractive to them in 1947 as part of their training program. Canada under this arrangement might even qualify for a financial contribution from other North Atlantic States through PICA0.

If substantially all states indicate their willingness to participate with ships or funds it would be embarrassing if Canada were not to go along.

From sheer difficulty of quickly finding finance, manpower and ships, the first year's activities may be small and of course only half our fiscal year remains. Before proceeding to the meeting I would like to feel I had your backing on the following lines:

1. If the U.S.A. and a few others will see things through the first year with no financing from non-operating states, we will refrain from any undertaking for this year.

2. If outside financing is demanded of, and agreed to, by substantially all other participants for less than the total thirteen stations and for the remaining months before March 1947, I would like authority to negotiate up to \$100,000 for the current financial year. I think there is a good chance of it being less. Ratification would, of course, take place in Ottawa not London.

3. For next year indicate our willingness to participate in a thirteen ship scheme with a financial contribution based on our share of Atlantic flights and taking credit for the land based meteorological stations we now operate. This might be \$200,000 to \$400,000 a year.

Leave open the possibility of operating next year. Our Navy has so far declined but I have reason to believe that their refusal was based on the shortage of recruits for the permanent force, and lack of funds in this year's estimates. Both of these objections might be overcome if the target date was in the Summer of 1947, and we might reopen the question with the Navy if desirable after the London meeting.

What I am getting at is that I will try to evade any commitment before March next year but think it may be too embarrassing to stay out if most others are in, but in that case I will try to keep our share as small as possible and bring home something for ratification which you will be able to justify. The subject is unfortunately rather spectacular and Canada as a prominent operator might gain undesirable publicity if we alone stood apart. It would be hard for me to represent Canada at an international meeting with no statement except that we are of the opinion that Canada should participate in the provision of these stations but that no funds are available and that I must take particular care to see that no financial commitment is made on behalf of this Dominion—to use the words of Commander Edwards' letters.

In case it may help to serve as a reminder, I attach a note giving in brief the reasons why the weather stations are considered justified.

I will be most grateful for your advice.

Yours sincerely,

A. C. McKIM

## [PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du représentant au Conseil intérimaire de l'OPACI**Memorandum by Representative to the Interim Council of PICAO*

Montreal, September 7, 1946

## NORTH ATLANTIC WEATHER SHIPS JUSTIFICATION IN BRIEF

1. Prior to the war, the North Atlantic was flown by flying boats with an optimum operating height of 10,000 feet and a normal height of about 2,000 against head winds. Marginal flying against head winds was thus done at altitudes where surface meteorological charts provided more or less adequate information and of course regularity was unsatisfactory, in fact it was completely unscheduled.

2. During the war ocean weather stations were operated by the British and subsequently by the U.S. government—twenty-three of such stations were in operation at one time. Bomber Command found it necessary to have a very highly organized upper air analysis section, on which Air Vice-Marshal Bennett places credit for much of his success. Here again service was irregular and deliveries were made in bunches of planes following favourable forecasts.

3. Our present Lancastrians, operating above 10,000 feet (17,000 is the Constellation flight level), have the benefits still of five ocean weather stations and have never gone through a winter without at least thirteen which is the scale contemplated. Already they have been warned of the reducing reliability of forecasts.

4. Future equipment will operate up to 30,000 feet and encounter winds commonly above 100 knots and known from time to time to be 300 knots. At these altitudes it is impossible to completely safe-guard an operation by fuel reserves and regularity is bound to suffer if forecasts are not reliable. Only an adequate system of ocean weather stations can give proper upper air forecasts.

5. The saving in fuel reserves carried and the increased regularity expected will show savings that justify the cost of the weather ships.

6. If Canada and other North Atlantic states are convinced of this, we should bear our fair share of the cost.

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DEA/72-AFV-40

*Le haut commissaire en Nouvelle-Zélande au ministre  
des Affaires extérieures de Nouvelle-Zélande*

*High Commissioner in New Zealand to Minister  
of External Affairs of New Zealand*

No. 1

[Wellington,] September 9, 1946

Sir,

I have the honor to refer to your letter of July 15th† extending an invitation to the Government of Canada on behalf of the other Governments concerned

to accept membership on the South Pacific Air Transport Council. The invitation contained in your letter was duly conveyed to the Secretary of State for External Affairs at Ottawa, who informs me that in view of the extremely large number of international organizations which are developing in the field of civil aviation as well as in other fields it would be difficult for Canada at the moment to carry out the commitments which might be involved in full membership in the Council, in the way of sending experienced representatives to meetings.

Under the circumstances, the Canadian Government would not be in a position at this time to assume full membership, and they would not care to do so unless they could meet their responsibility fully. For the present, therefore, the Canadian Government would prefer to remain in a position where they might have the privilege from time to time of sending observers from the Offices of the Canadian High Commissioners to meetings of the Council.

The Canadian Government would much appreciate the opportunity to reconsider this decision as to their relationship to the South Pacific Air Transport Council when they are in a position to inaugurate the Trans-Canada Air Lines service in the Pacific. They would then be in a better position to determine whether they could make arrangements for full and active Canadian membership.

I have etc.

W. A. RIDDELL

332.

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*Le ministre de la Reconstruction et des Approvisionnements au représentant au Conseil intérimaire de l'OPACI*

*Minister of Reconstruction and Supply to Representative to the Interim Council of PICAQ*

Ottawa, September 12, 1946

Dear Mr. McKim,

RE NORTH ATLANTIC WEATHER SHIPS

I have your letter of September 7th and regret the delay in replying, which is due in part to my absence from Ottawa.

I note that you and Mr. McTaggart-Cowan will represent Canada at the London meetings, starting September 17th, for technical discussions.

I have no quarrel with the suggestions contained in your letter, and it will be in order to take the stand that you indicate in your letter as reasonable. You must, however, bear in mind that we have made no provision for an expenditure for weather ships in the current fiscal year, and that it will be necessary to obtain specific Government approval before any such provision can be made for the next fiscal year.

As far as the financial commitment is concerned, I will endeavour to back up any decision you arrive at. I cannot, however, make any commitment for the Department of National Defence (Navy), and it will be necessary for you to be cautious about promising that Canada will place a naval ship in the service.

Frankly, I am alarmed at the size of the Government expenditure required to support the aids to air navigation, all of which is non-revenue producing. I see no indication that earnings of the airline will provide any return on this huge expenditure.

In the matter of weather, we seem to be going far beyond our immediate responsibilities and for that reason, if for no other, it seems to me that others, having a greater density of traffic, should bear the major cost of operating the weather ships.

I trust that you and Mr. McTaggart-Cowan will have a most interesting and helpful part in the discussions.

Yours sincerely,

C. D. HOWE

333.

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*Le représentant au Conseil intérimaire de l'OPACI au ministre  
de la Reconstruction et des Approvisionnements*

*Representative to the Interim Council of PICAO to Minister  
of Reconstruction and Supply*

Montreal, September 27, 1946

Dear Mr. Howe,

NORTH ATLANTIC WEATHER STATIONS

I have today returned from the London Conference and give the following preliminary report on the agreement reached, which I will confirm with an actual copy of the signed agreement.

All 13 nations participated and the complete project for the 13 weather stations was agreed. Ten States being prospective operators on the North Atlantic to contribute as follows:

	<i>No. of Stations</i>
U.S.A.	7
U.S.A. and Canada	1
U.K.	2
Norway and Sweden (with contribution by the U.K.)	1
Belgium and The Netherlands (with contribution from Ireland)	1
France	1
	<hr/>
Total	13

Stations operated by groups of States may be by arrangements which do not concern others. The exact wording of the agreement between Canada and the U.S. being as follows:

The United States of America to provide and operate the station. Canada to have the option to provide and to operate to the extent of fifty percent of the station or otherwise to contribute in a manner mutually acceptable to both Governments.

The agreement will come into force 1st July 1947 and meanwhile States are urged to operate voluntarily. It is almost certain that the U.S.A. will operate 4 and the U.K. 1 station this winter. Notices had been previously sent out by our Meteorology Department to T.C.A. that forecasts would be less reliable this winter and regularity and payload will consequently suffer until the full project operates.

I think you will agree we have negotiated a moderate share for Canada. Nothing is asked from this year's estimate. Next year we can operate a ship as our share of one-half station, or, if the Navy still cannot, we can pay in cash or, as I think may be acceptable, take over as an off-set the operation of more land-based facilities now operated by the U.S.A. I am to attend the Interdepartmental Meteorology meeting in Ottawa next month with the benefit of which I will submit a recommendation.

The signatures to the agreement become binding upon acceptance by home governments.

Yours sincerely,

A. C. McKIM

334.

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*Mémorandum du représentant au Conseil intérimaire de l'OPACI  
au ministre de la Reconstruction et des Approvisionnements*

*Memorandum from Representative to the Interim Council of PICA  
to Minister of Reconstruction and Supply*

Montreal, October 31, 1946

MULTILATERAL AGREEMENT ON COMMERCIAL AIR RIGHTS  
CANADA'S POSITION IN PICA DISCUSSIONS

1. PICA Secretariat has now edited the papers and discussions of the 1946 Assembly\* on the Multilateral Agreement. Work is now starting in a new Committee of PICA to prepare if possible a draft for the Assembly of April 7th, 1947.

2. I am chairman of this Committee but with reluctance as I am not hopeful of success. I expressed as a condition of acceptance that each member would undertake to give his best efforts personally to the work and

\*Printed book under PICA Document No. 2089 Oct. 1946

would be honest with the others in expressing his personal point of view when he found himself persuaded by argument even when the national position he had been instructed to take differed from his own. I said that I fully expected us to be under pressure to accept with minimum change the form of the U.S.A.-U.K. Bermuda Agreement. I felt it had disadvantages as a basis for a Multilateral Agreement though it must receive serious consideration as it seemed acceptable to the two largest air operators.

3. There is no use persisting with Council's proposal to the 1946 Assembly for "permissive rate differentials" as a means of protecting regional lines against the inroads of through lines. In fact any formula with the same object seems unacceptable to the U.S.A., they having also declined suggestions made at Chicago involving limitation on load factor with escalation, etc.

Another fundamental of Council's proposal to the 1946 Assembly was the granting to an International Board and Council of powers of judgement. This too was objectionable to the U.S.A. and some others.

4. The Transport Agreement which was ratified by only sixteen States has now been renounced by the U.S.A. in my opinion because it requires contracting States not to allow the operation of an airline of a contracting State through its airspace if Council has judged it to be in default (Ch. XVIII of Convention).

5. This brings us to Bermuda\*\* which is widely commended as the basis of the future Multilateral Agreement. I do not object to it as a bilateral agreement, but I believe it has factors which make it an unacceptable basis for what we have considered to be a true multilateral agreement. The clauses dealing with capacity are open to misinterpretation and in fact the British and U.S.A. authorities have already interpreted them differently in public pronouncements; the principles are very vague—for example,

the interest of the air carriers of the other Government shall be taken into consideration so as not to affect unduly the service which the latter provides on all or part of the same routes.

Nobody seems to know what *unduly* means.

. . . shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such air carrier is a national and the country of ultimate destination of the traffic.

This seems a satisfactory statement that 3rd and 4th Freedom traffic is the primary basis, but it then states that the rights to 5th Freedom traffic— shall be subject to the general principle that capacity should be related—

(a) to traffic requirements between the country of origin and countries of destination;

(b) to the requirements of through airline operation; and

(c) to the traffic requirements of the area through which the airline passes after taking account of local and regional services.

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\*\*U.S.A.-U.K. Air Services Agreement of Feb. 11, 1946

Nobody seems to know exactly what this means nor how much of the local traffic could properly be picked up by a through-line "after taking account of local and regional services".

Lord Winster has said—

. . . the maintenance of a close relationship between capacity operated on the various routes of mutual interest and traffic offering can best be put into practical effect by providing for an ex post facto review on the basis of this principle. Machinery for close and continuing collaboration between the two governments will be established to this end.\*\*\*

President Truman has said—

Under the Bermuda Agreement there will be no control of frequencies and no control of so-called Fifth Freedom rights on trunk routes operated primarily for through service. It gives to the airline operators the great opportunity of using their initiative and enterprise in developing air transportation over great areas of the world's surface.

Granting these to be political speeches it would indicate the possibility of several interpretations should say forty nations be involved instead of two.

PICAO's role in settlement of disputes under Bermuda is only advisory and would presumably have only moral effect on the offending state which would then be free to deal with its offending airlines as it pleased.

For "reasonably direct route" is substituted in Bermuda an Annex of specific routes and stopping points. Presumably every nation would have to negotiate bilaterally with every other on routes to be exchanged, thus the apparent liberality of granting five Freedoms to all the world might be completely nullified with all the evils of bilateralism involving possible economic and political pressures in the gaining of favourable rights.

In short—Bermuda translated from a Bilateral without substantial change would not be a Multilateral but a new form of the standard Bilateral now included in the Chicago Final Act.

6. Although the trend of future discussions may change our attitude, I put forward as the basic stand I should take in PICAO discussions the following:

that we consider a multilateral agreement should be a treaty binding on all governments and that it should be tied to the Chicago Convention by reference or as an amendment to it;

that five Freedoms should be granted only in conjunction with principles that are clearly understandable in offering protection against destructive competition by powerful through-lines or, better still, operative clauses that set forth the consequences of specific acts of such destructive competition;

that these principles or clauses should be subject to interpretation by a Board, by Council or other International Authority having powers of "judgement" rather than "advice" thus causing states to take action against the airline of an offending State; and

\*\*\*Hansard—House of Lords—V—139 No. 53 p. 367-8

that the rules must be the same for all and not include the possibility of bilateral exchanging of Freedoms within a framework calling itself a Multilateral Agreement.

Without a Multilateral Agreement having these provisions in some form or other, or a new solution which would adequately take their place, Canada should prefer to continue with bilateral agreements.

I would appreciate any advice enabling me to represent these matters better.

335.

C.D.H./Vol. 96

*Le ministre de la Reconstruction et des Approvisionnements au représentant  
au Conseil intérimaire de l'OPACI*

*Minister of Reconstruction and Supply to Representative  
to the Interim Council of PICAQ*

Ottawa, November 11, 1946

Dear Anson [McKim],

Thanks for your memo of October 31st re multilateral agreement on commercial air rights. I am glad to note that you are Chairman of the new committee that will make recommendations for the Assembly of April 7th, 1947.

I fully agree that any multilateral agreement must be definite in terms and capable of exact interpretation. Otherwise, frictions are bound to develop and the work of PICAQ will become increasingly difficult.

The U.S.A.-U.K. Bermuda Agreement is fast becoming the pattern for bilateral agreements. Canada and the U.S. will meet in Washington on December 2nd,<sup>1</sup> and I rather imagine that something like the Bermuda Agreement will evolve from that meeting. There is no great objection to the Bermuda Agreement as a basis for bilateral agreements, but I would dislike to be in the position of PICAQ if called upon to police a multilateral agreement in the same terms.

As far as Canada is concerned, I doubt if we would be in a stronger position under a multilateral agreement than is our position under a series of bilateral agreements reasonably uniform as to terms. Up to now we have had no great difficulty in working out the terms of bilateral agreements covering routes in which we are interested. Therefore, I will not feel too badly should it be found that a multilateral agreement is impossible. On the other hand, I agree with those who believe that everything possible should be done to obtain a satisfactory multilateral agreement.

There is no difference between us as to the objectives set out in your memorandum. I wish you every success in working them out.

With kind regards,

Yours sincerely,

C. D. HOWE

<sup>1</sup> Voir les documents 1043, 1050-1053.

<sup>1</sup> See Documents 1043, 1050-1053.

CHAPITRE VII / CHAPTER VII

CRISE ALIMENTAIRE

FOOD CRISIS

336.

DEA/4171-40

*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-555

Washington, January 31, 1946

IMMEDIATE. Our WA-470 of January 26th† concerning discussion in the UNRRA Committee on Supplies relating to wheat, rice, fats, etc.

The sub-Committee referred to in that teletype had an all-day meeting yesterday at which the United States, United Kingdom and Canadian executive officers of the Combined Food Board were present in an advisory capacity. At that meeting the following recommendation was proposed:

“That the decision taken in mid-1945 to remove wheat and flour from formal International Allocation recommendations should be rescinded forthwith”.

As our discussion previous to the meeting made it clear that not only the receiving countries but also the United States would support this recommendation, and in fact that Canada (and possibly Australia and the United Kingdom although their positions were not made clear) would be virtually alone in opposing the proposed recommendation, we suggested the following as an alternative recommendation:

“That, the Administration having represented that the placing of wheat and flour under formal International Allocation would contribute to an improvement in the availability of supplies to UNRRA, the Governments concerned be urged to reconsider most urgently the decision taken in mid-1945 to remove wheat and flour from International Allocation”.

This alternative proposal was adopted as a recommendation by the sub-Committee. It is clear from the language of the recommendation and from the discussion at the meeting that the sub-Committee intended to express no judgment as to the probable results of the reinstatement of an International Allocation arrangement and that the recommendation was not to be taken as necessarily implying any particular outcome of the proposed reconsideration of the mid-1945 decision.

The recommendation, if adopted by the Committee on Supplies, does of course imply that member Governments concerned would be prepared to undertake such a re-examination or reconsideration. I should be grateful for guidance from you as to the position which we should take on this recommendation in further discussion either in the sub-Committee or in the Committee on Supplies.

A further recommendation relating to wheat was adopted by the sub-Committee in the following terms:

“That the exporting countries and the Cereals Committee of the Combined Food Board take into consideration in making allocations or in programming exports of wheat and flour, the extent to which the claimants for wheat and flour have followed the example set by UNRRA and made the maximum substitution practically possible of other cereals for wheat in both their import requirements and in the utilization of the indigenous grain resources.”

I should be grateful for guidance on this recommendation as well.

Poland, China, Yugoslavia and the U.S.S.R. proposed a further recommendation, relating to rice, fats and other foodstuffs as well as to wheat, which would have required the allocating agencies and the supplying Governments to give a first priority to UNRRA's requirements ahead of all other claimants (on the grounds that UNRRA's customers are Allied belligerent countries which suffered the greatest devastation during the war, that the requirements originally stated by the Governments had been drastically screened by UNRRA before submission to the Boards, and that UNRRA is an Organization of the United Nations). The precise language of the proposed recommendation was:

“That UNRRA's stated requirements, after screening the requests of the receiving UNRRA Governments, be accepted by the Combined Food Board as a final determination of the quantities to be allocated to UNRRA and that no reduction be made in these quantities except by the Heads of the Governments of the countries represented on the Combined Food Board after considering the views of both UNRRA and the C.F.B.”

In the sub-Committee this recommendation was voted down by the United States, United Kingdom, France, Australia and Canada, who proposed a form of words which would have drawn attention to the dire needs of the UNRRA countries and would have urged that the requirements be met to the maximum extent consistent with the essential needs of other United Nations and consistent with the requirements of Germany and Japan as defined in the Potsdam Declaration or in decisions of the Far Eastern Commission. Our alternative recommendation was of course unsatisfactory to the UNRRA receiving countries and the Polish representative indicated his intention to press his original recommendation before the Full Committee on Supplies.

The Polish representative proposed further that the inability of the receiving countries to secure adequate supplies through UNRRA be brought formally to the attention of the United Nations Organization in order that account might be taken there of the political implications in the situation and that effective recommendations to meet the situation might be developed.

The sub-Committee is to meet again on the afternoon of Friday, February 1st and the Full Committee on Supplies is to meet for formal consideration of these recommendations at 3 p.m., Tuesday, February 5th. I should be grateful to receive instructions concerning the first two recommendations, together with any observations concerning the other recommendations.

I should be grateful also to learn from you whether any action is in process to implement the willingness expressed in your EX-217 of January 24th† to forego rice (except for the Oriental population in Canada) provided similar action is taken in the United States. If no action is underway is it your desire that we report this willingness to the United States authorities? In this connection could you let us know to what extent steps which have already been taken to procure and distribute our 1946 allocation of rice would make it impossible for us to release rice in excess of the requirements for our Oriental population even if the United States were to indicate a willingness to do likewise.

Mr. Lewis<sup>1</sup> requests that the sense of this message be reported to Dr. Barton in the Department of Agriculture.

337.

DEA/4171-40

*Le commissaire en chef, la Commission canadienne du blé,  
au sous-secrétaire d'État aux Affaires extérieures*

*Chief Commissioner, Canadian Wheat Board,  
to Under-Secretary of State for External Affairs*

Winnipeg, February 3, 1946

Dear Mr. Robertson,

I am attaching herewith the views of the Board in regard to teletype No. WA-555. In addition to the attached material I think I should make a few observations.

Since V-E Day Canada has met every commitment made in respect to export wheat. This is not true of other exporting countries. Under such circumstances, and also because of Canadian prices for wheat due to the export ceiling, there is a natural desire of all claimants, including UNRRA to secure larger and larger commitments in respect to Canadian wheat.

In effect the UNRRA receiving countries are asking for a No. 1 priority on their stated supplies of export wheat. As far as Canada is concerned we now have a No. 1 priority which is the minimum home requirements of the United Kingdom. This priority is a matter of government policy. The Board thoroughly agrees with this policy, and does not believe that the United Kingdom should be placed in the same category as Italy, Yugoslavia, China, etc. As long as we maintain our British preference, and we believe that it should be maintained, there is not much opportunity for UNRRA to gain additional supplies of the residual Canadian wheat at the expense of France, in the first instance, and Belgium, Norway, The Netherlands and London Food Council areas such as Malta, South Africa, Ceylon and India,

<sup>1</sup>J. W. Lewis, officier exécutif adjoint du Canada à la Commission mixte de l'alimentation.

<sup>1</sup>J. W. Lewis, Assistant Executive Officer for Canada, Combined Food Board.

in the second instance. Only by breaking down the British priority on Canadian wheat could UNRRA or other claiming countries secure larger immediate supplies. Our first priority is based upon minimum United Kingdom requirements. We are reliably informed that at the present time the United Kingdom is on the verge of bread rationing, and her situation cannot improve until the fall of 1946 at the earliest.

While I think Canada should co-operate in every way with other countries through the Cereals Committee of the Combined Food Board, it is fundamental that we do retain the final decision as to the destination of Canadian wheat exports. As I see it, the chief exporting countries have to retain control of their export wheat, but should co-ordinate their efforts in the light of the needs as set forth in the records of the Cereals Committee. It is obvious that UNRRA and certain other claiming countries would like to see a return of firm allocations of export wheat in the hope of diverting some of the present supplies from the United Kingdom, and to some extent from Belgium and The Netherlands to countries whose needs are in the hands of UNRRA. In the main, the objective would be to divert part of the flow of Canadian wheat from north-western Europe to southern Europe.

I might add that I am not at all satisfied with the requirement figures being submitted by UNRRA and some other importing countries. Neither am I satisfied that many countries now demanding wheat have carried out appropriate procurement policies within their own countries; certainly not to the extent the United Kingdom has. We now have a sub-committee of the Cereals Committee working over requirement figures, and I hope to have this sub-committee report at the next meeting of the Cereals Committee, which I believe will be held about Monday, February 11th.

These are observations which I think you should bear in mind.

Yours very truly,

G. McIVOR

[PIÈCE JOINTE/ENCLOSURE]

*Commission canadienne du blé au sous-secrétaire d'État  
aux Affaires extérieures*

*Canadian Wheat Board to Under-Secretary of State for External Affairs*

Winnipeg, February 3, 1946

Dear Mr. Robertson,

RE TELETYPE WA-555

The Board has given consideration to the three main questions raised in this teletype. These are:

1. The proposal to discontinue nearby programming and to institute firm international allocations of wheat over longer periods.

2. The further recommendation on maximum substitution and use of indigenous supplies.

3. The unapproved resolution of UNRRA receiving countries sponsored by Poland and slated for submission to the UNRRA Committee on supplies.

In regard to Question (1) we have the following observations to make:

(1) The particular references should be examined in the light of an over-all shortage of wheat available to meet stated import requirements. This over-all shortage for the six months' period ending June 30th, 1946, has been estimated at some five million long tons. Therefore, the basic position is that if one claimant is given additional wheat it must be at the expense of some other claimant or claimants.

(2) We firmly believe that there should be co-ordination of effort between the exporting countries in the supplying of wheat during this critical period and for that reason we are prepared to do everything possible to facilitate the work and the objectives of the Cereals Committee. If the correlating medium of the Cereals Committee is dispensed with, it seems clear that, for humanitarian reasons alone, the Canadian Wheat Board would have to establish liaison with the United States as the other principal wheat supplier. Similar contact with other suppliers would make distribution more equitable and effective and finally, the result would be a loose and rather inefficient system of exchanging information that wouldn't have any real inter-governmental authority. For this reason and others, we have become convinced that the Cereals Committee considered to have a necessary function in wartime has a continuing function in this distressing period of hunger in Europe and short supplies in the exporting countries.

(3) Any practical approach to the problem of distributing wheat supplies must take into account the fact that each exporting country has favoured customers for commercial, sentimental or other reasons. Canada has the United Kingdom; the United States has Italy and France; the Argentine has Spain, Portugal and certain South American countries; Australia has preferred markets in the Far East. These natural preferences are difficult to eliminate, especially under conditions of stress.

(4) At the present time approximately three-fifths of Canadian wheat for export is committed to the United Kingdom for minimum home requirements by announced Canadian government policy. This leaves two-fifths of Canadian monthly exports available for distribution among all other claimants. We are endeavouring to make a fair distribution of residual supplies, but under the circumstances it is only possible to programme a limited quantity of Canadian wheat to other urgent claimants such as France and UNRRA. Therefore, firm allocations of residual supplies of Canadian wheat over a longer period would have the effect of reducing the quantities going to various claimants. If UNRRA received more Canadian wheat it would have to be at the main expense of France in the first instance and Belgium,

Netherlands, Norway, Czechoslovakia and the London Food Council areas such as Malta, South Africa, India, Ceylon, etc. in the second instance.

(5) The question of firm allocations of wheat cannot be evaluated without particular reference to the United States position. For reasons of internal transportation and farm holding tendencies, the United States has not demonstrated that they can deliver export wheat on the basis of extended allocations. The teletype states that the United States favours firm allocations. At the January meeting of the Cereals Committee a United States representative stated that the United States could not programme completely for the month of February. We believe that the facts of the United States position are such that that country cannot enter into firm allocations for an extended period with any reasonable hope of meeting such allocations.

Argentina, the next largest supplier, has not as yet agreed to be a party to firm allocations and has admitted some prior commitments. Argentina, on the other hand, will probably agree to work with other exporting countries in co-ordinating exports over and beyond present commitments and natural preferences.

The small Australian surplus of wheat is not a factor in the European situation and will be largely utilized on advice of the London Food Council.

(6) If we felt that this proposal would help the over-all problem we would support it. We believe, however, that firm international allocations over longer periods would not have the expected effect and would create more problems than they are designed to solve. Moreover, from Canada's standpoint, firm allocations covering the first half of 1946 would cause us to hold greater supplies of wheat in reserve against so many outstanding commitments.

(7) For the foregoing reasons we believe that the proposal of firm allocations of export wheat over longer periods through the Cereals Committee is not practical. At the same time we believe that the direction of wheat exports during the first half of 1946 can best be determined by the co-ordinated action of the four chief exporting countries in the light of existing commitments and in the light of claims and circumstances advanced by importing countries and UNRRA.

### *Proposal 2.*

We agree with the recommendation in regard to maximum substitution and the maximum use of indigenous supplies. At the present time we do not agree that these conditions are fully met in the representations made for UNRRA supplied areas. The Cereals Committee is not satisfied with requirements figures submitted by some importing countries and UNRRA. A sub-committee of the Cereals Committee is now working on a further screening of requirement figures. The report of this sub-committee should be received and considered before further programming or allocating is done.

*Proposal 3.*

We do not agree that UNRRA's stated requirements should be accepted by the Combined Food Board as a final determination of the quantities to be allocated to UNRRA. We do not agree that UNRRA should receive a No. 1 priority and we believe that UNRRA's requirements should be screened to the same extent as the requirements of any importing country. We do not agree with the suggestion that no reduction be made in UNRRA quantities except by the heads of the governments of the countries represented on the Combined Food Board. This suggestion would end the Cereals Committee as an effective instrument of international policy. We agree with the alternative wording proposed on behalf of the United Kingdom, France, Australia and Canada.

In conclusion we must indicate that we are fully aware of UNRRA's problem and its importance. We are prepared to do all that we can do for UNRRA within the limits of our commitment to the United Kingdom and our responsibility to countries not receiving UNRRA supplies. It must be remembered, however, that we have been successful in moving Canadian wheat overseas early in the present crop year and when our large movement was under way last fall UNRRA was a relatively small claimant. The full UNRRA programme was not submitted to the Cereals Committee until late in December and by that time more than half of the Canadian exportable surplus of wheat for the crop year 1945-46 had already been exported. When we were advised of the full UNRRA programme we immediately recognized the new situation in our February and March programmes, and in our tentative programme for April. When stated requirements are further screened by the Cereals Committee, it may be possible for us to provide more wheat for UNRRA. However, with our commitments to the United Kingdom, other wheat exporting countries will have to be the chief source of supply for UNRRA's wheat requirements, especially if these requirements continue to be stated at a four million long ton level.

Yours very truly,

G. McIVOR

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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-654

Washington, February 6, 1946

IMMEDIATE. Following for Robertson from Pearson, Begins: Your teletype EX-383 of February 5th† and yesterday's from McIvor† on the cereal situation have been read with much interest. We had a meeting of the Committee on Supplies of UNRRA yesterday, in which we adopted the report of the Sub-Committee on Supply Problems dealing particularly with cereals and oils and fats (enclosed with despatch 295 of February 5th)†. There are figures

in this report which, though possibly misleading without more explanation, do, if accurate as they stand, undoubtedly show to UNRRA's own satisfaction, and also to others', that UNRRA is not getting sufficient consideration by the Combined Food Board. It is felt here by UNRRA and also by certain American authorities, that in so far as wheat is concerned Canada is largely to blame because of the separate arrangements which we have made regarding the disposition of our wheat. This is a matter which undoubtedly will have to be given consideration by the Food Board. Normally, I think little exception could be taken to Canada's policy, especially in view of the way we have met our commitments, but because of the highly critical nature of the present cereals situation, now widely discussed here, I think myself that we should very seriously consider our attitude. United States officials are now taking a very dark view of the European food situation, and the fact that they are somewhat late in coming to their present conclusions does not alter the facts of that situation or the necessity for drastic remedies. There is a disposition here to think that the restoration of international allocations may be required, and though both Ritchie and I at the meeting yesterday warned against over-optimistic conclusions as to what may be expected if this is done, it seems probable that the proposal will be pushed by the United States notwithstanding their previous attitude. On the basis of the information which I have, which may not be adequate to come to valid conclusions, I think we should be very hesitant in opposing international allocation of wheat, especially in view of our previous opposition to its abandonment and especially if we are now in a minority of one. I appreciate the arguments put forward by McIvor in teletypes EX-366<sup>1</sup> and EX-367<sup>1</sup> but I do not think those arguments take sufficiently into consideration the desperate nature of the present situation. We would certainly be open to serious criticism if, in view of that situation, we continued to talk about favoured customers for commercial, sentimental or other reasons; to say that natural preferences are difficult to eliminate, especially under conditions of stress, and that agreement for co-ordinated action by the four chief exporting countries must be qualified by existing commitments. Surely we cannot be more insistent on maintaining those commitments than their chief beneficiary, the United Kingdom, which has already announced further sacrifices which will make it possible for more cereals to go to Europe, in parts of which admittedly the need is now much greater than in the United Kingdom.

2. My main concern in all this is that our record, which has been so good, should not be unnecessarily spoiled or that we should be put in a position of appearing to be less aware of the immediate dangers of the present situation than the United States or the United Kingdom. Mr. Attlee's telegram to the Prime Minister and Sir Ben Smith's broadcast last night certainly acquit the United Kingdom of unawareness while there are many evidences, including a long Cabinet meeting yesterday devoted to this subject and the issuance of a new policy statement by the President this afternoon which is reported in a

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<sup>1</sup> Non trouvé.

<sup>1</sup> Not located.

separate message, which show that the United States authorities are coming around to a realistic appreciation of the position, and which, it is hoped, may result in some action here to meet that situation. It seems to me that not only a new and careful examination of our position is required, on the highest political levels, but that some statement probably should be made soon in Ottawa along the lines of those which are being made here and in London. In this connection, Dean Acheson's broadcast last Saturday night painted a very black picture, and I believe has had considerable effect here. Governor Lehman has addressed personal telegrams to the Heads of the United States, United Kingdom, Australian and Canadian Governments emphasizing UNRRA's food difficulties, which threaten to become insurmountable. Without substantial improvement, it seems clear that there will be widespread starvation in Europe and the Far East before summer. If that assumption is correct, surely it is the only basis on which policy can be formulated and the only natural preference which can be admitted is that of meeting the present desperate need. Ends.

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DEA/215

*Mémorandum du Bureau du Conseil privé au secrétaire du Cabinet*

*Memorandum from Privy Council Office to Secretary to the Cabinet*

SECRET

Ottawa, February 7, 1946

## WORLD FOOD PROBLEM

The main need is to find additional supplies of wheat for export.

The meeting felt strongly:

- (1) That Canada should not take any butter from the U.K., for psychological reasons
- (2) That Canada should generally match the U.S. programme for increasing food supplies for export;

It follows from (1) above that the ration of butter in Canada will have to be cut, probably from six to 4 ounces per person per week. In this connection there is a grave danger of a partial break-down of our rationing system but it was felt that this danger must be faced.

More specifically the following measures it was felt should be adopted:

- (1) To launch a vigorous nation-wide campaign for food conservation;
- (2) To adopt measures, with restaurants, retailers and wholesalers, to conserve supplies;
- (3) To make a reduction in the amounts of wheat and barley used in the production of potable alcohol and beer, at least comparable to that envisaged by the U.S.

It is important to have a decision from Cabinet on:

- (a) the extent of the programme for increasing supplies for export, and

(b) the selection of an agency responsible for organizing the campaign to arouse public support.

The achieving of an increase in the supplies of cereals available for export raised the following problems the answers to which could not at such short notice be given:

(a) If the wheat flour extraction rate is raised to 80 per cent (the proposed U.S. percentage) with resultant reduction in mill-feeds, it is most probable that the production of dairy products and beef and hogs will diminish. This raising of the extraction rate is much more serious for Canada than for the U.S. since:—

(i) Canada has heavier commitments per capita to export dairy products of all kinds (butter, cheese, eggs, milk, etc.)

(ii) Canada lacks obvious alternative dairy feeds such as corn.

(b) If an 80 per cent extraction of flour was decided on, the Government would probably have to subsidize the movement of oats and low-grade wheat to make up the deficiencies of mill-feeds.

(c) Assuming Canada could make immediately available increased quantities of wheat, can our internal transport and storage facilities succeed in getting the wheat to the seaboard.

Mr. Pearson, in his teletype, reported that the Americans were anxious to establish international allocation of wheat as a measure to assist in meeting the emergency. There are a number of considerations in this connection:

(i) Our wheat is selling at \$1.55 (Can.) per bushel, and U.S. wheat at approximately \$2.10 (U.S.) per bushel.

(ii) Allocation per se would not increase the total amount of supplies available for export.

(iii) The U.S. would probably not be able to fulfil its commitments; it is our wheat therefore which would be re-allocated to make good the U.S. deficiency.

It was felt, however, that the difficulties in international allocation were not insuperable and it was important that we should not find ourselves alone in opposition to the proposal.

M. G. GLASSCO

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DEA/215

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

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

TELEGRAM 375

London, February 9, 1946

MOST IMMEDIATE. ASDEL 74. Our ASDEL Nos. 51† and 64† regarding draft British resolution on wheat and rice.

1. The resolution has been revised and the operative sections now read as follows, Begins: The General Assembly:

1. Urges all Governments and peoples to take immediate drastic action, both directly and through the international organizations concerned, to conserve supplies by securing adequate collection of crops from the producers, by saving food and avoiding waste and to ensure the maximum production of grain in the coming season;

2. Notes that several of the United Nations have recently announced measures to reserve grain supplies for direct human consumption and to secure increased production;

3. Urges all Governments to publish full information regarding their own supplies and requirements of cereals and the steps they have taken, or are prepared to take, to achieve the objectives expressed in paragraph 1;

4. Requests the international organizations concerned with food and agriculture to publish information in their possession on the world cereals position and the future outlook in order to assist Governments in determining their short term and long term agricultural policy. Ends.

2. The resolution will be discussed in Plenary Assembly on Monday. We propose to speak in support, but lack information regarding facts and policies necessary to make an effective statement. We, therefore, hope for detailed instructions.

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

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

TELEGRAM 366

Ottawa, February 10, 1946

MOST IMMEDIATE. ASDEL 29. Reference your telegram No. 375, ASDEL No. 74.

In speaking to Resolution re food, Canadian representative in supporting resolution could include following comments:

"Canada's food position reflects developments in Canadian agriculture during the six years of the war. During the war Canada carried the responsibility of supplying unprecedented quantities of food in accordance with wartime needs.

During the war Canada's agricultural development followed two main lines:

(1) The maintenance of cereal production and the building up of unprecedented stocks of wheat as a wartime reserve.

(2) The expansion of the production of livestock and livestock products to the level of wartime needs.

By 1943 Canada's production of food products had reached a very high level and the distribution of food products abroad had reached capacity levels. Apart from some reduction in hog numbers (which has resulted in less grain being fed in Canada) the export of food products remains at practically capacity levels and will so remain during the period of the present crisis.

It will be appreciated that when a country is producing foodstuffs at a very high level and exporting food products at maximum capacity and has been doing this continuously for a period of nearly three years, the possibility of further increases in food exports is subject to definite limitation.

We are sure that most countries in Europe and some countries in Asia will bear witness to the part which Canadian wheat has played in bringing them through to the present time.

Commencing in the spring of 1944 the great wartime reserves of Canadian wheat started to move abroad to the limit of internal transportation and port capacities. Since that time Canada has exported an average of one million bushels of wheat (including flour) per working day. In the three crop years ending July 31st, 1946, Canada will have exported over one billion bushels of wheat or wheat in the form of flour, including her entire wartime reserve and the surplus from 1945 production. These shipments of Canadian wheat and flour for the three-year period were sufficient to provide a normal bread ration for 250,000,000 people for an entire year and provide substantial by-products for the maintenance of livestock.

We suggest that had it not been for the persistent export of Canadian wheat in recent times, the food crisis now at hand would have occurred much sooner and would have been of even more serious proportions.

In spite of all that Canada has done and is doing to provide food for importing countries, Canada is again examining the present position to see what further increase can be made in food shipments to overseas countries.

Canada will keep on shipping wheat at the average rate of approximately one million bushels per working day. In the first six months of the current crop year wheat exports have reached the figure of 204,000,000 bushels. As at February 1st, Canada had an exportable surplus of 140,000,000 bushels of wheat which will be shipped abroad before July 31st, 1946.

Every effort will be put forward to speed up the shipment of these wheat supplies with the object of making as much wheat as possible available at the earliest possible date. Internal transportation is being reviewed with this objective in mind.

Every effort is being made to speed up deliveries of remaining surpluses of wheat, oats and barley on farms in Canada.

Every effort is being made to explore the possibility of increasing the remaining wheat surplus position over and above 140,000,000 bushels. These efforts may increase this export supply by from five to ten million bushels.

Shipments of other food products are at virtually maximum levels, but the position of each product will be reviewed to see if quantities can even be slightly increased.

We must emphasize that the maximum production of foodstuffs in Canada and the maximum shipment of food products during the latter part of the war was an essential part of the war effort of the United Nations. Consequently, when the war ended, Canada was producing and shipping food products to the extent of her capacity to do so and has continued to maintain this position up to the present time and will maintain this position”.

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DEA/215

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] February 13, 1946

(1) The attached note summarizes the points raised in Mr. Gardiner's meeting on Saturday with officials of departments concerned with the food policy. There is of course room for further exploration and argument about each of the methods suggested for increasing the quantity of wheat that can be shipped abroad from Canada this year. Some of them are probably alternatives, i.e., if the Government decided to raise the flour extraction ratio—thereby reducing the supply of mill feeds—it would probably be impracticable to release stocks of low-grade wheat now held for animal feeding for human consumption.

(2) To my mind the interdepartmental consideration given the general problem has been inadequate. I think people here have not realized what the social and political consequences of food shortage on the threatened scale might be; we are also inclined to rest, a bit complacently, on a very good record of past and present performance.

My own view is that the people of Canada will wish to make new efforts to help meet a world shortage and will expect the Government to give advice and direction as to the form those efforts could most effectively take. Specifically—if unfairly—they will judge our action by two or three fairly arbitrary criteria. If these criteria are in fact inapplicable to the Canadian case we should be in a position to explain clearly why this is so.

For better or worse our action will be measured alongside what appears to be American action; e.g., if the United States insists on an 80 per cent. extraction ratio as an emergency measure, and the United Kingdom raises its ratio to 85, it will be difficult for us to hold to a 72 per cent. ratio. Similarly, it will be hard to justify maintenance of normal grain supplies for the brewers and distillers in the face of world food needs and specific United States restrictions.

I feel too we must be prepared to raise our wheat target acreage for next year—not at the expense of coarse grain acreage—but by reducing summer fallow.

Until policy is determined on the questions raised in the attached note it will not be possible to reply to the messages you have received from Mr. Attlee and Governor Lehman or to issue any useful statement to the Canadian people.

[PIÈCE JOINTE/ENCLOSURE]

*Procès-verbal d'une réunion interministérielle*

*Minutes of an Interdepartmental Meeting*

[Ottawa,] February 13, 1946

WORLD FOOD CRISIS  
MAXIMIZING CEREALS AVAILABILITY

A meeting was held of officials with Mr. Gardiner Saturday afternoon, February 9, to discuss this matter.

It was pointed out that Canada had made a spectacular effort to achieve maximum exports of cereals and other foods. This effort has delayed the crisis, but has not succeeded in preventing it. The record shipment of a billion bushels of wheat in the 3 crop years ending July 31, 1946 will exhaust all the Canadian reserves. The problem can only be solved by world action and care must be exercised to see that others, including the recipients of imported supplies, maximize their home utilization of food products. The steps that were discussed were:

(1) The grant of priorities on rail transportation of cereal shipments would permit adding some two million bushels a month to the exports on the Atlantic coast. No addition can be made on the Pacific coast. Exports of these two million bushels a month before the opening of navigation will only effect a speed-up of deliveries, but no increase in the total supplies shipped before the end of the crop year.

(2) Income tax concessions probably in the form of wheat certificates exchangeable for wheat or its price later would give an incentive to farmers who are holding wheat on their farms to make it available immediately. This would add a maximum of some ten million bushels to the total exportable supplies already calculated at 345,000,000 bushels for the present crop year. Only part of this increase could be shipped before the opening of navigation.

(3) The possibility of raising the extraction ratio of wheat will be discussed with the millers this week. Such action would reduce the amount of feeding stuffs available and would react adversely on the meat, egg and dairy products production.

(4) The millers will be asked to arrange that inventory supplies of wheat and flour in warehouses and in retail stores be kept to the minimum needed for satisfaction of the demand.

(5) Reduction in distilling for alcohol production would only produce a very small amount of wheat, since only 600,000 bushels a month are used for that purpose and 50% of the alcohol is for industrial use.

(6) A reduction in the use of barley for malting would provide alternative feed supplies which could make available some 4 or 5 million bushels of lower grade wheat for human consumption, which is being kept as a feed reserve.

(7) In addition to the 5,000,000 bushels of oats released for human consumption recently, a quantity of up to 12,000,000 bushels could be released for seeding in Europe.

(8) Rice is in many parts of the world a preferred alternative to wheat. The demand for rice is just as great and urgent as that for wheat at the present time. Canada has restricted its consumption of that product by its civilian population to the lowest total of all the war years, reserving the largest part of these supplies for the oriental population in Canada; she has many times offered to remove rice from the market altogether, if similar action is taken by countries in similar position.

(9) Since the emergency will last beyond the next few months because all reserves of cereals will be exhausted by the end of the present crop year, the point was raised of possibly increasing the acreage sown of wheat.

(10) A publicity campaign which could start with a statement by the Prime Minister would be needed to ensure the success of any of the steps taken above and that everybody makes the utmost effort to conserve supplies to maximize overseas shipments.

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DEA/215

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

PRIVATE

[Ottawa,] February 19, 1946

The attached memorandum is the report of the recommendations agreed to at the meeting of officials with Mr. Gardiner yesterday. I would like to add the following points:

1. The Cereals Committee of the Combined Food Board have met in Washington last week and their report is that, statistically, the picture is not one of general starvation but of low caloric intake; I say *statistically* because breakdown in distribution of indigenous supplies will leave some groups, particularly in cities, with a very low and sometimes a starvation diet.

The statistical picture is not flush, but will take care of the bare needs of the population until the new crop; it will remain tight for at least one year.

2. I cannot emphasize enough that the most important item in the statistical picture is the United States commitment to export 225 million bushels in the first six months of this year. If they fail in this, then starvation in Europe

this year will result and be widespread. It is therefore essential that whatever action we take does not have the effect of impeding the United States in the realization of their program. While the alternative suggested under item (2) to increasing the extraction ratio in Canada, i.e. reducing the supply of wheat to mills for domestic milling may be simpler and more productive of results, as far as Canada is concerned, these results must be weighed as against the effect in the United States—our program will release 2,500,000 bushels of wheat, the United States one 25,000,000. Although the United States have not consulted us before setting out their program, any more than they consulted their own millers, which would have been most sensible, I suggest that we take this matter up with them urgently, explain our position and see which effect they consider it will have on theirs before we reach a final decision. Their program goes into operation on March 1st and it might be possible for them to reconsider it.

3. It is also worth pointing out that while the European future is less dark, the Asiatic situation is no better than it was and starvation looms tragically in India particularly and in China and other areas to some considerable extent.

4. Under distilling, (item 5), no mention is made of reducing the amount of barley for malting purposes. It was felt that the results would be so small for the grief created, that no action need be taken; a brief statement could be made explaining that action has already been taken in regard to beer production.

5. Under the same item, it is worth pointing out that the 50% reduction in distilling does not deplete stocks but permits equal replacement of stocks released for consumption—its only effect is to prevent increase of stocks. There should therefore be no real cause for complaint on the part of the distilleries; nor on the part of the provinces whose revenues will not be affected because the competition between distillers should make them continue their competition for provincial sales at the present level.

6. The Items regarding rice in last week's report may be well worth including in the program, possibly in a slightly revised form. We did not withdraw rice from consumption in Canada because the United States refused to do so and even refused to let the two Canadian millers import rice for milling in bond for export only at the direction of the Combined Food Board.

7. I understand that Cabinet decided to leave wheat acreage at the present figure.

8. Finally, it was not felt that an extensive publicity program was warranted given the facts as they are. It would be difficult to have a campaign without being able to give glaring facts on the situation and low caloric intake does not have a striking appeal. Moreover it was pointed out that it would be most difficult to launch such a campaign unless a particular agency (the Wartime Prices and Trade Board is the natural choice) was assigned the task and given clear directives as to the methods of conservation which should be encouraged

and which they could put forward; most of the suggestions in that line were considered objectionable. It was therefore recommended that no follow up be given to the appeal, which you would make when making known the steps taken by the Government to assist in reaching these objectives by careful attention to food conservation and the avoidance of waste.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du secrétaire, le Comité sur les besoins alimentaires*

*Memorandum by Secretary, Food Requirements Committee*

CONFIDENTIAL

Ottawa, February 19, 1946

REPORT OF FOOD REQUIREMENTS COMMITTEE

The Food Requirements Committee, at the direction of the Cabinet, considered at a special meeting held on February 15th, Cabinet Document No. 156, the draft joint announcement on supply of food from Canada to the United Kingdom.<sup>1</sup>

The Committee confined its consideration of the document to the implications in respect to food only. It did not consider the implications in respect to general financial and economic policy.

*This report of the Committee is predicated on the Committee's understanding that the specific quantities mentioned in the document do not constitute firm commitments by Canada but represent desirable objectives; and that the Ministry of Food is aware that some of the objectives, notably that for bacon and ham, may not be reached.*

On the above assumption the Committee unanimously agreed that it would be beneficial to issue the announcement substantially in its present form with the changes suggested by the Minister of Agriculture and with the changes subsequently suggested in this report. It was agreed that a degree of optimism in setting the target figures was justified since the objectives would provide an incentive to the producer and an earnest of Canadian intention welcome to the Government and public of the United Kingdom.

The Committee agreed, however, that unless the production of bacon and ham is immediately stimulated not only are the objectives for 1947 and 1948 unrealistically high (possibly by from 100 to 200 million pounds, dependent on the degree of control retained over slaughter and consumption in Canada) but Canada will be threatened with the loss of her long-term market for bacon in the United Kingdom, since by falling seriously below the objectives we will force the United Kingdom to seek and develop other sources of supply.

The Committee agreed that the means through which the stimulus on production should be provided were an immediate price increase of \$2.50 per 100 lbs. on Grade A bacon at seaboard. This would entail a proportionate increase in the ceiling price of fresh pork on the domestic market. To be effec-

<sup>1</sup> Voir le document 814.

<sup>1</sup> See Document 814.

tive, this increase must be an increase relative to the current price level of alternative products open to the agricultural producer. If such an increase were announced at a very early date it was felt that, given an adequate supply of feed grains, the objectives of 1947 and 1948 might not be out of reach, since the upswing anticipated in production would be continued into 1948.

The Committee was of the opinion that any increase granted in the price to the domestic producer should be added to the contract price. Should the Government act on the above lines, the price mentioned in the document should be changed accordingly.

The Committee's agreement on a price increase was reached solely on supply grounds. The representative of the W.P.T.B. warned that an increase in the bacon price would have a wide series of repercussions in the agricultural products price field. The representative of the Department of Agriculture felt that the critical position in bacon justified the increase, which could be defended because prices for other agricultural products were relatively more profitable.

With such an increase in price, the Committee was of the opinion that it would probably not be necessary, in order to approach the contract objectives, to retain rationing and slaughter control in 1947 and 1948. It would, however, be necessary to retain inspection control and export control. This would include a virtual prohibition of exports to other destinations than the United Kingdom, specifically to the United States. The Committee believed, however, that, apart from the proposed contracts, controls of quality and power to direct and regulate exports were needed to hold the United Kingdom market for Canada.

It was recognized that it might be necessary for the Agricultural Prices Support Board to use the procurement authority now vested in the Board.

It was agreed that the incentives now represented by hog bonuses and other subsidies would have to be retained through 1948.

In respect to these incentive payments, the Committee observed that the proposed contract does not recover for Canada that element in subsidy payments which represents the direct encouragement of exports. This observation relates not only to the contract prices for ham and bacon but also for cheese and evaporated milk.

The Committee considered that the cheese objective was well within reach but regarded it desirable that an arrangement be made with the United Kingdom authorities whereunder it would be agreed that Canada would retain approximately 50,000,000 pounds for domestic requirements and 10,000,000 pounds of cheese or the equivalent in dairy products for other export markets. It was felt that Canada should not be put in a position of being unable to export moderate quantities to other countries.

The Committee is not reporting on the implications of the cheese contract in respect to other dairy products since it understood that the Cabinet has the general question already under study.

M. G. GLASSCO

344.

DEA/4171-40

*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-612

Ottawa, February 28, 1946

Following for Major Boxer<sup>1</sup> from Oliver Master, Begins: I am authorized by Honourable Mr. MacKinnon, Minister of Trade and Commerce to send you the following message with reference to the two major questions to be dealt with at the meeting of the International Wheat Council on March second.<sup>2</sup> Message reads, quote The Canadian Government approves of the Amendments to the Memorandum of Agreement dated June 27, 1942, by the deletion of paragraphs 5, 6, 7, and 8 thereof.

The Canadian government approves that invitations be sent to the following countries to join the Council—Brazil, China, Denmark, France, Holland (Netherlands), India, Italy, the Union of Soviet Socialist Republics and Yugoslavia.

The Canadian Government proposes that Norway be added to the list of countries to which invitations are to be sent. Unquote.

Mr. MacKinnon has further stated his wish that the position to be taken by the Canadian representative at the meeting is to be that of acquiescing in the proposals, rather than that of initiating them—with the exception that the suggestion that Norway be included among the countries to be invited is a matter on which Canada is prepared to take the initiative. Ends.

345.

DEA/8737-40

*Mémoire du bureau du sous-secrétaire d'État aux Affaires extérieures<sup>3</sup>  
au Premier ministre*

*Memorandum from Office of the Under-Secretary of State for External Affairs<sup>3</sup>  
to Prime Minister*

[Ottawa,] March 4, 1946

A meeting was called on Saturday morning, March 2, with Sir Ramaswami Mudaliar, Sir Robert Hutchings, Secretary for Food in the Government of

<sup>1</sup> Le Major Boxer ne peut pas être identifié positivement. Il était probablement un représentant du ministère du Commerce qui assistait C. F. Wilson aux réunions du Conseil international du blé.

<sup>2</sup> En réalité, la réunion a eu lieu le 27 février.

<sup>3</sup> J. A. Chapdelaine.

<sup>1</sup> Major Boxer cannot be positively identified. He was probably a representative of the Department of Trade and Commerce who assisted C. F. Wilson at the meetings of the International Wheat Council.

<sup>2</sup> In fact, the meeting was held on February 27.

India and Mr. Ahuja, Trade Commissioner for the Government of India in Canada. The meeting was presided [over] by Mr. MacKinnon, Minister of Trade and Commerce; Mr. Paul Martin was also present. Both Ministers left shortly after eleven o'clock to attend a Cabinet meeting. As you know, Mr. Gardiner is still out of town; Dr. Barton had to attend a meeting in Montreal that morning and in the absence of both, Mr. Shaw represented the Department of Agriculture. There were also officials from the Department of External Affairs, Trade and Commerce, Privy Council Office, Finance, Fisheries and the Wartime Prices and Trade Board.

Sir Ramaswami gave a brief outline of the present food situation in India, and Sir Robert Hutchings supplemented it briefly. India has, all through the war, used up its food resources, although it distributed them very sparingly. Despite the loss of the imports from Burma, India agreed to produce jute for the United Nations, although it would have been safer for her to convert more land to the production of cereals. This year India's crops have failed disastrously, as a result first of floods and later of drought and she has no stocks to throw into the breach. Cereals, which are the only diet of a large part of the population, are rationed at twelve ounces per day, i.e. 1200 calories; and the Government monopolizes all supplies both imported and those which it extracts from producers, leaving them sufficient for their needs. The population which lives on rationed supplies amounts to some sixty million people; the rest of the population are more or less self-sufficient agriculturists.

India during the next three critical months, April, May and June, needs two million tons of cereals, i.e. sixty-six million bushels of wheat—in fact part of this should be rice and therefore her need is for some 1,700,000 tons of wheat. The Indian delegates stated that their need would be just as great after the emergency period, since no crop is expected in India until March 1947, at which time some rice will come forward. During the two years beginning now, India requires from abroad four and half million tons of cereals of which she would desire a large share to come from Canada, including particularly 500,000 tons of wheat as a working reserve which she would be prepared to keep in Canadian or Indian elevators depending on the general convenience.

Sir Ramaswami did not elaborate on the political conditions in India which he assumed were fairly well known, but he wishes that background to be kept firmly in mind; he also impressed upon the meeting the importance of Commonwealth solidarity—together in war and together in peace; if the Commonwealth can come to the assistance of one of its members, the effect in India can be of major importance; the alternative, even if disaster is averted through some other assistance, means an end to India in the Commonwealth; if no relief comes to India from Commonwealth or other sources, the extent of the disaster cannot be predicted; not only

will famine mean wholesale disorders and a breakdown of civil government, but the famine will spread further with the impossibility of obtaining the meagre supplies which are at present received from small farmers: the famine this year is expected to be very much more widespread than that of 1943.

Sir Ramaswami stated that they had put their case before the London Food Council who had approved it and agreed to present it to the Combined Food Board. Their purpose in coming here was to request our support before the Combined Food Board and most sympathetic consideration to any diversion of supplies which we could undertake in the Canadian program set out by the Minister of Trade and Commerce. They realized that little additional supplies could be found, but urged that if any were found, India's claim be recognized, that some supplies be diverted if possible and they indicated that their statement of needs for the next two years would make it worth Canada's while from a charitable and also from a business point of view to produce as much cereals as she could. Mr. MacKinnon assured Sir Ramaswami that we understood the need and would give most sympathetic consideration to his plea. The availability of other supplies was also canvassed and it is understood that both Mr. Finn, of the Fish Products Committee, and Mr. K. W. Taylor, Coordinator of Foods in the Wartime Prices and Trade Board, will be seeing the Indian delegates in Washington this week.

Mr. Gardiner could not be reached on Saturday, Sunday or today. It is expected that he is travelling back to Ottawa. In view of the fact that Sir Ben Smith is coming to Washington for the meeting of the Combined Food Board on Tuesday, Wednesday and Thursday, it may be advisable for Mr. Gardiner to join Dr. Barton, who has already proceeded to Washington.

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W.L.M.K./Vol. 274

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

SECRET

[Ottawa,] March 16, 1946

The attached teletype† from our Embassy in Washington contains the text of a message which President Truman is considering sending to Stalin. The question was raised at the meeting of the Combined Food Board in Washington yesterday whether similar appeals for cooperation in meeting the food crisis should go forward from Mr. Attlee and yourself. I expressed the

opinion that, at the present juncture, there was better prospect of the appeal being effective if it came only from the President.<sup>1</sup>

N. A. R[OBERTSON]

347.

DEA/3265-AS-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] March 22, 1946

Pearson tells me that the question of inviting the Soviet Union to join the Combined Food Board is likely to arise out of the current discussions with the UNRRA Council, where the U.S.S.R. has made itself the spokesman for the claimant countries. It is not thought likely that the Soviet Union would accept membership on the Combined Food Board, because this would require it to make available to the other members of the Board full information about its own supply position in respect of commodities with which the Combined Food Board deals.

I told Pearson that I did not think the Canadian Government would have any political objection to the addition of the U.S.S.R. to the Board, which now consists of the United Kingdom, the United States and Canada, but I was a bit worried lest they accept the invitation and use their position within the Board to upset existing supply allocations. If, however, the United States and the United Kingdom were prepared to invite the Soviet Union to membership, I do not think Canada should object to this course, but should associate itself with the invitation, if one goes forward.<sup>2</sup>

<sup>1</sup> La note suivante était écrite sur ce mémorandum:

I have read this message and covering note to the Prime Minister. He said he fully agreed and that he could not imagine Canadian intervention would be welcomed at this stage.

I may add that I think the statement on Food Policy being given to the press today will probably be a more effective way of putting the Canadian interest and the Canadian viewpoint.

J. A. G[IBSON]

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

<sup>1</sup> The following note was written on the memorandum:

<sup>2</sup> The following note was written on the memorandum:

I agree. W. L. M[ACKENZIE] K[ING] 31/3/46

348.

W.L.M.K./Vol. 274

*Mémorandum du secrétaire du Cabinet au Premier ministre*  
*Memorandum from Secretary to the Cabinet to Prime Minister*

Ottawa, April 2, 1946

Attached is a draft reply† to Mrs. Rean's telegram† and letter† to you.

Attached also is a note† of the discussion and conclusions of this morning's meeting of the Cabinet at which Mr. Gardiner put forward proposals for the food campaign.

In view of the decision not to proceed with the proposal to establish a national emergency food committee under a citizen of national prominence, for the purposes of the campaign, I do not think much more can be said in answer to Mrs. Rean's enquiry than is contained in the attached draft. However, I felt that before it was sent you should see it.

I should, perhaps, point out that there is a difference of opinion as to the value of a voluntary campaign and the organization for this purpose of a national committee. It is felt by some that no really effective programme can be carried on otherwise. You may wish to raise the matter in the Cabinet again.

A. D. P. H[EENEY]

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DEA/8738-40

*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-962

Ottawa, April 4, 1946

I quote for your information copy of the exchange of telegrams between Mr. LaGuardia and the Prime Minister on the subject of food supplies to UNRRA:

(Telegram from Mr. La Guardia to the Prime Minister) [April 2] "Wheat situation extremely critical. We actually shipped 318,000 tons in the month of March when 700,000 tons were needed. The bins of the receiving countries will be empty by the end of April, and with the present situation we would not be able to provide sufficient wheat for even minimum current needs. We must get more wheat from Canada. You can do it. I beg of you to allocate 25 million bushels of wheat to be delivered in approximately equal quantities April, May, June and July. When I accepted this difficult assignment, I felt I could depend upon Canada. You and I are too practical to be satisfied by extending our sympathy to millions of people who are in need of food. Please do not let me down. I just cannot continue unless I

can get food. I want to keep these people alive. Not bury them. In the name of humanity, give this your personal and usual energetic attention. F. La Guardia, Director General UNRRA."

(Telegram to Mr. La Guardia from the Prime Minister) [April 3] "I have been carefully considering with my colleagues your telegram of yesterday regarding the extremely critical wheat situation. The plan under which we have been making allocation of our wheat supplies to the needy world is to make known to the Combined Food Board through the Cereals Committee the total quantity available and to undertake to supply the whole of that amount as rapidly as facilities will permit. For the first half of this year that was done prior to March fourteenth when the Combined Food Board met in Washington and reached agreement on distribution of available supplies. Canadian wheat is now being shipped as rapidly as it is possible to move it. Canada will continue to make every effort to maximize its exportable supplies of cereals and other foodstuffs during the critical months ahead. If, as we earnestly hope, our combined efforts do result in more wheat becoming available, you may be certain that it will be moved forward as rapidly as it is possible to have it moved. You will agree, I am sure, that confusion would result if individual supplying countries were to attempt to alter allocations agreed upon and already cleared through the established channels. In these circumstances I would suggest that application for additional amounts for UNRRA be made to the Combined Food Board. Like you I am deeply concerned with the urgent need for food by starving peoples in other parts of the world and with the practical means of meeting this need. You may rely on the government of Canada doing all in its power to assist you in the formidable task you have undertaken to provide food for those in need. W. L. Mackenzie King."

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CH/Vol. 2100

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

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

DESPATCH 610

Ottawa, April 8, 1946

CONFIDENTIAL

Sir,

I refer to the present crisis in world food supplies and to the part which Canada will play in alleviating hardships due to the deficit.

2. Though the most acute and widespread shortage is that in cereals, primarily wheat and rice, its effects are intensified by the weak supply position in other foodstuffs, notably meat, oils and fats and sugar, and

the crisis should be examined as a whole rather than regarded merely as affecting cereals. The current shortage of wheat in particular, however, is giving rise to numerous requests for additional shipments from Canada, the majority of which it is not possible for us to meet. It may, therefore, be useful for you to have at your disposal a statement of the facts regarding world wheat supplies and the Canadian plans for general food production.

3. The total requirements of bread grain and flour for the first six months of 1946, as stated to the Combined Food Board, are 19.6 million long tons. The expected short fall in rice will bring this requirement up to about 21 million long tons. Supplies available for export during the same period are estimated at 12 million long tons, practically all in Canada, the United States, the Argentine and Australia. About 80 to 85% of the available wheat and flour is in North America. There is thus an expected deficit of roughly 8 to 9 million long tons of bread grain and flour, or about 40% of requirements for the first six months of 1946.

4. It should be emphasized that the shortages in wheat and rice are not the result of a fall in production in the major exporting countries, but of a greatly increased demand arising from crop failures in areas such as the Balkans, the Mediterranean, India and South Africa which are normally more nearly self-sufficient, or are even surplus producers. The total amount of wheat and flour entering into world trade *for the last six months* of 1945 was about 12.5 million tons, as against a pre-war *annual average* (1935-1939) of about 15 million tons. It is obvious, therefore, that export shipments have been much increased. Attached you will find a copy of a report of March 11th from the Cereals Committee of the Combined Food Board which describes the position in greater detail (Enclosure No. 1) †.

5. With a deficit of these proportions it is evident that it will not be possible to meet the needs of all claimants, and that all allocations should be made after the most careful screening of requirements and should be of short duration in order to meet unforeseen contingencies immediately when they arise. In view of the efforts being made in all countries to maximize exports during the coming months, there will be no supplies held in reserve at the end of the present crop year. It is feared, therefore, that the present serious situation may be prolonged over the next year or two or even longer. It may be worth pointing out, too, that even if supplies were available in larger quantities, the technical job of moving them to the deficit countries would be almost impossible. The 21 million long tons required to meet the deficit of the next six months, exceeding as it does the average annual wheat trade of before the war, would place a burden upon transport facilities which they could not hope to meet.

6. Turning from the world wheat supplies to the position of Canadian wheat stocks, the facts are as follows. In the period August 1st, 1945, to January 31st, 1946, Canada exported 204 million bushels of wheat and wheat flour, leaving only 145 million bushels to meet requests arising during

the second six months of the 1945-46 crop year. In fact all the available wheat will be shipped in the five months February to June.

7. For a summary of Canadian achievements in food production during the war, I refer you to Circular Despatch No. 389 of March 2nd,† to the copy of the speech given by the Honourable Paul Martin at the General Assembly of the United Nations on February 13th<sup>1</sup> included in that despatch, and to the copy of the Prime Minister's statement of March 17th† which you have already received.

8. The Prime Minister's statement also expresses our resolve to do everything possible to tide the deficit countries over the present crisis. All practicable steps are to be taken to maximize the quantities available for export and to maintain the very high level of wartime production. Though the bread cereals programme naturally excites the greatest concern at the present juncture, it should not be regarded in isolation, but should be considered as an integral part of a policy which will endeavour also to keep up production of meat and dairy goods, maintain the acreage of feed grains necessary to achieve this purpose, and at the same time husband the resources of the soil in the interests of maximum yields for the period of shortage expected during the next few years.

9. Our plans must take into account all these considerations and have three chief objectives:

(a) Maintenance of the highest possible levels of production in all food commodities, both during the present emergency and in the more prolonged period of shortage which must be expected;

(b) Economy in domestic use; and

(c) Maximizing of supplies available for export during the critical period up to June 1946.

10. In the interests of achieving the highest possible levels of all-round food production, the Government has recommended that wheat acreage be kept at the 1945 figure of 23 million acres, 6 million more than in 1943 and 4 million over the 1935-1939 average. A further large increase of wheat acreage will not be recommended, since it might affect adversely the production of coarse grains needed for livestock feed and cut into the area of summer fallow required to keep the soil at its maximum of fertility. (There is felt to be a strong possibility, moreover, that wheat acreage will increase without official Government encouragement, since the prices are attractive and the crop is one which appeals to the western farmers). A floor price at

<sup>1</sup>Le discours fut prononcé le 14 février. Voir Nations Unies, *Documents officiels de la première partie de la première session de l'Assemblée générale. Séances plénières de l'Assemblée générale. Trente-troisième séance plénière, 14 février 1946, pp. 494-496.*

<sup>1</sup>The speech was given on February 14. See United Nations, *Official Records of the First Part of the First Session of the General Assembly. Plenary Meetings of the General Assembly. Thirty-third Plenary Meeting, February 14, 1946, pp. 494-496.*

lakehead of \$1 a bushel for No. 1 Northern wheat has been guaranteed to the Canadian producer for the next five years and an export price of \$1.55 for the current season. In this connection, it may be pointed out that the Canadian Government, in fixing the export price of wheat at \$1.55 per bushel, has shown that there is no disposition in this country to take advantage of others' needs by allowing Canadian wheat to sell at the inflated price it could undoubtedly command. For oats, which are as you know the principal feed grain raised in Canada, the 1945-1946 programme is to be continued and the Government will guarantee 45 cents per bushel lakehead for No. 2 C.W. oats. The food contracts recently concluded with the United Kingdom provide for the continued shipment at close to wartime levels of bacon, ham, cheese, evaporated milk, roller dried skim milk powder, eggs, beef and mutton, hog casings and sausage meat. Provision has been made for extending the majority of contracts into 1948, and in the case of bacon and ham into 1949. To encourage a continued high level of hog production, the return to the producer will be increased about \$3 per hog by raising the seaboard price and retaining the Government premium, though at a reduced rate. For further details regarding the points touched on in this paragraph, I refer you to the recent statements in the House of Commons by the Honourable Mr. Gardiner and the Honourable Mr. MacKinnon (Hansard, Volume LXXXV, No. 4 pages 98-110, No. 8 pages 219-220, No. 9 pages 263-264).

11. To encourage economy in domestic use, the Government is undertaking a publicity campaign urging the Canadian people to avoid waste in all foods, particularly bread and wheat. There is to be a 10% reduction in the supply of wheat made available for domestic milling during 1945. It is expected that this measure will produce an extra 2½ million bushels of wheat for export before the end of the cereal crop year. The amount of wheat released to distillers is to be reduced by 50% of the 1945 deliveries. In addition to these new measures, announced by the Prime Minister on March 17th, there is of course to be an indefinite continuation of consumer rationing which at present applies to meat, butter, sugar and preserves.

12. In order to increase to the maximum the supplies of wheat made available for export, three chief steps have been taken. In the first place, farmers are to be encouraged to market any wheat they may be holding by the introduction of a special plan of income tax relief. Producers will be given the opportunity of making delivery between April 1st and June 30th, 1946, and taking cash settlement at their choice in 1946, 1947 or 1948, an arrangement which will enable them to spread their income for tax purposes in a way most advantageous to them. (Hansard, Volume LXXXV, No. 8, page 219). In the second place, it is proposed to keep constantly under review supplies of oats and No. 4 wheat, normally used for domestic feed purposes, with the purpose of making some available for export. Third, efforts will be made to hasten the movement of grain to seaboard by giving rail priorities to the shipment of wheat. It should also be pointed out in this

connection that centralized purchasing and distribution through the Canadian Wheat Board make possible the most effective disposition of Canadian stocks.

13. Finally, in dealing with the cereals available for export, it has been found necessary to place supplies under a month-to-month allocation until at least the end of the current crop year. (The first priority has been given to the minimum requirements of the United Kingdom, and a second to those of the liberated European countries who were our allies during the war, to UNRRA, and to outside areas for the supplying of which the United Kingdom is responsible. As regards the remaining countries, particularly those of Central and South America, the policy of the Canadian Wheat Board is to ship only to the extent that these areas have taken Canadian wheat in recent years). For the next four months after the lake navigation season opens, almost all the Canadian wheat available at seaboard for shipment will go to meet United Kingdom requirements, as all supplies of wheat programmed for other countries will have been pre-shipped in the first three months of this year; there will then remain only some flour for shipment to countries other than the United Kingdom, including UNRRA.

14. As you know, various appeals and recommendations have recently appeared, suggesting the best method of dealing with the world food crisis. President Truman has established a Famine Emergency Committee under the honorary chairmanship of Mr. Hoover, to lead a drive in the United States to increase exportable supplies of food. Mr. Lehman, the retiring Director-General of UNRRA, has issued a statement containing six specific recommendations applicable to supplying countries: all-out production, intensified food conservation, control of consumption, increase of extraction rate and reduction in the use of cereals for beverages, examining of livestock feeding policies with a view to making all possible grain available for human food, and finally a modification of the structure of the Combined Food Board. Attached is a copy (Enclosure No. 2) of a speech by Mr. L. B. Pearson which reviews these recommendations point by point in the light of Canadian policy. It will already be obvious from the material contained in this despatch that our programme corresponds closely to the procedure recommended by Mr. Lehman. One difference which will probably occur to you is that the Canadian Government has taken no steps to raise the extraction rate of Canadian milled wheat. For a detailed account of the reasons which led to this decision, I refer you to the statement made in the Meeting of Heads of Divisions held on March 12th.† In brief they are that an increase of extraction rate would lower by one-quarter the supply of mill feed for livestock, that the change in methods would substantially slow up production, and that the high extraction flour is more perishable in hot climates than the standard type.

15. I hope that the foregoing statement will serve to set Canada's plans for alleviating the food shortage in their proper perspective and will help to explain why many urgent requirements for Canadian wheat cannot at present

be fully satisfied and why demands originating in countries which have not heretofore been buyers cannot, for the most part, be met during the current crop year.

16. You will note that although certain of the material on which this despatch is based is confidential, much of it is not restricted, and I would suggest that you exercise your discretion as to the use to which it may be put. Copies of this despatch have gone to all our Missions abroad.

I have etc.

S. D. PIERCE  
for the Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

DEA/8737-40

*Discours du représentant au Conseil de l'UNRRA*

*Speech of Representative to Council of UNRRA*

MR. PEARSON'S SPEECH IN THE COMMITTEE ON POLICY  
OF THE COUNCIL OF UNRRA MARCH 21ST, 1946

CHAIRMAN (Through Interpreter): The Chair recognizes the member of the Council, representative of Canada, Mr. Ambassador Pearson. (Applause)

COUNCIL MEMBER FROM CANADA: Mr. Chairman, members of the Council: I do not propose to follow my friend, Dr. Rajchman, into the statistical calculation which he has so impressively made. For one reason, I am not brave enough to enter that field. For another, I am not qualified to do so.

In fact, I am not sure that statistical evidence could not be adduced to prove that I am an idiot in that field and in this case, it might not be a "statistical lie". (Laughter)

I do not propose either to talk about the resolution which Dr. Rajchman has just tabled and which is a very important one indeed, and which, on the face of it, I must say my delegation would have some difficulty in accepting.

I have no doubt, Mr. Chairman, that we will be given an opportunity to discuss that resolution at some further stage in this debate and that my silence on this occasion would not be interpreted later as agreement.

I want to speak for a few moments on the statement made yesterday by the Director General. No one who listened to that statement could fail to be deeply moved by Governor Lehman's appeal.

He has placed before us in terms of unmistakable urgency the needs of those countries which depend on UNRRA for aid, and he has reminded us of the heavy responsibilities which rest upon us if needless human suffering is to be avoided. His remarks, eloquent, sincere and straightforward, have

called to our minds also the great debt of gratitude we owe him for his services to UNRRA. The address to which we listened yesterday is characteristic of Governor Lehman's whole record as Director General, for in it he combined a thorough knowledge of a technical problem with courageous and compelling advocacy of the means to solve it. I feel sure, Mr. Chairman, that the most sincere tribute which any of us can pay to Governor Lehman is to face squarely and honestly the situation he has laid before us.

At the conclusion of his speech, Mr. Lehman made seven specific recommendations for action to provide additional food for UNRRA. These recommendations, coming as they do from so authoritative a source and backed by the experience of the Administration during these past few months of growing shortages, compel our most serious attention. It is, therefore, my purpose to indicate the action that Canada has taken [and] proposes to take in connection with each of these recommendations.

The first is that all-out production be emphasized this year in the food production program of every nation. Since the outbreak of war in September 1939, Canadian farmers have been urged to grow more and more food. Year by year, goals which were moved farther and farther ahead were achieved and surpassed. At the end of 1945, and the war then being over, Federal and Provincial authorities of Canada met together and set new goals for 1946 at levels equal to the highest over-all production of the war years.

Even greater efforts are now to be made, for the Prime Minister of Canada this week urged farmers to strive for the greatest possible over-all production of foodstuffs. And because we in Canada believe, with the Director General, that the crisis will last beyond the coming months, the Government is urging farmers to make plans for the production of the maximum quantity of food during the next three or four years. This is, of course, in the circumstances, the right and proper thing to do. It is, however, for a country like Canada, which lives by foreign trade, the giving of a hostage to fortune. For there will come a time, no doubt, when our worries will be about surpluses rather than deficits. We have heard it stated at this Council session that the countries which have been the victims of war have the right to receive help now in the form of supplies.

That is true. I hope in the future when those countries achieve a happier position, as I know they will do, that their people will still demand the right to receive supplies from our country. (Laughter) We at that time will no doubt be talking about our right to export.

Mr. Lehman's second recommendation is that every country, supplying as well as receiving, should intensify food conservation measures. Our government, along with the government of the United States, has already put into effect a publicity campaign urging Canadians to avoid waste and consume less food. This will be supplemented by direct action to reduce inventories to the lowest possible levels, thus making more food available for immediate shipment abroad.

Thirdly, it is recommended that member governments take prompt and courageous measures of control to meet the peacetime needs for food, similar to those which were justified by the wartime emergencies. Voluntary efforts, said the Director General, are not enough, and with these views, we are in full agreement. We have followed our agreement by action. In Canada, meat rationing was reintroduced last October for the sole purpose of making meat available for shipment abroad. Consumers are entitled under the present ration to less meat than during wartime. Butter continues to be rationed, and for the time being, consumers get just half the amount to which they were entitled by wartime rationing. Sugar, of course, is still under strict ration. Equally important, the Government has been requisitioning at the source and directing overseas supplies of food such as bacon and cheese, leaving very limited amounts of these products for consumption at home.

Mr. Lehman's fourth recommendation dealt with the Combined Food Board, and I shall leave that for comment at the conclusion of my remarks.

The fifth recommendation has to do with food collection methods in receiving countries. While this does not directly concern Canada, it has a very direct bearing on the willingness of our people to take the action necessary in the present emergency. We will find it much more difficult to increase our food shipments abroad if we are not given every reasonable assurance that everything is done that can be done in the receiving countries to maximize their own production; to distribute that production equitably; and to prevent its diversion to ends other than human consumption. My own Government is doing everything humanly possible to get foodstuffs off the farms and into export channels. As an example, the Canadian Government this week announced steps which are expected to result in the export of several million additional bushels within a few months' time—that is of wheat.

I come now to the sixth recommendation, which is in two parts: first, that where possible, the extraction rates on grain should be increased; and secondly, that the use of cereals for beverage purposes should be cut drastically. I will deal with the second part first. No particular significance should be attached to that fact. (Laughter)

Beginning immediately, the amount of wheat released for distilling purposes in Canada is being reduced by fifty per cent. The proposal to increase the extraction rate was carefully considered by the Canadian Government. The Director General's recommendation about the extraction rate was modified by the words "where possible", and I think that it is well to bear in mind that in Canada the farmers are much more dependent upon the millfeeds derived from the production of flour than are the farmers of other countries, who have a greater variety of alternative feeds. It was found moreover that a more substantial and certain reduction in the use of wheat could be effected without an hour's delay by the simple method of reducing by governmental action deliveries of wheat to mills. That is a form of rationing of wheat.

In future, therefore, Canadian millers will be permitted to grind for home consumption an amount equal to only ninety per cent of the wheat used for

this purpose in 1945. It would be absurd to call this a sacrifice, but it is a considerable additional contribution, and one which can be made effective at once.

This brings me to the seventh and final recommendation relating to livestock feeding in both supplying and receiving countries. This is a highly technical question and one which I am sure you will not expect me to discuss in detail. The Canadian Government's statement of this week, however, announced that every effort will be made to ship abroad oats and lower grades of wheat that are not absolutely essential for feed purposes.

All these measures will, I hope—indeed, I am sure—result in a substantial increase in cereal shipments to those parts of the world where they are so badly needed. Only from reduction of domestic consumption can we make that additional contribution, so we are in duty bound to take that way.

Our stocks of wheat which only a few short years ago seemed so enormous are now so reduced that by the end of July, the end of our crop year, our surplus for export will have completely disappeared; that surplus which, made available at controlled and relatively low prices, has already saved millions from starvation. The disappearance of these stocks also encouraged farmers to resume their normal cropping practices, and wheat acreage has risen by no less than 40% during the last two years. I believe it is fair to say, therefore, that Canada has drawn fully on her agricultural resources in order to contribute to the world supply of cereals for human consumption. The figures show it.

One billion bushels of wheat, or wheat in the form of flour shipped in the last 3 years; a million bushels every working day going forward now. During the period July-December 1945 Canada shipped more wheat than any other country.

I have left for the last the recommendation relating to the Combined Food Board, of which Canada is a member. Here the Director General makes three recommendations, first, that the membership of the Board be broadened; second, that the U.S.S.R. be invited to join the Board; and, third, that board allocations be made public. The reasons for the establishment of the Combined Food Board in its present form have always seemed good and sufficient ones to the Canadian Government, and this conviction has been shared, I believe, by the other two members of the board. I do not wish to make a lengthy statement about the operations of the Combined Food Board, but I should like to mention one or two points about which misunderstanding obviously exists. I do so in no defensive or apologetic way.

It should be borne in mind that the continuance of the Combined Food Board after the end of hostilities anticipated the development of current world food shortages. During the war the Board recommended action designed to manage food efficiently as a part of the Allied military effort. To this end, supplies available to the Allies were related to inland transportation, storage and port capacity, and ocean freight.

Even before the end of the war, however, the need for a common food forum in the immediate post-war period was evident. Indispensable relations had developed between the Board, on the one hand, and UNRRA, the military occupation authorities and some of the countries later liberated, on the other. In the absence of any other international body capable of grappling with the growing complexities of the food situation, it was inevitable that the Board should continue to function after the end of hostilities. The essentially temporary nature of this development has always been recognized. It is hoped that, as soon as practicable, newer international organizations will assume a much larger responsibility in respect of food than does the Board at the present time.

As soon as it became apparent that the role of the Board had changed with the advent of peace, steps were taken to adapt it to the new operations. The membership of commodity committees established by the Board was expanded as quickly as appeared practicable, and very wisely so. This expansion was designed to provide as broad a forum as possible for the interchange of information and discussion leading up to the recommended distribution of foodstuffs in short supply. The growth of committee membership is shown in the appendices to the report of the Board, circulated as Document No. 56 of this conference, and which will, I think exonerate the board from the criticism that it is a narrow group representing only three governments.

These measures have altered not only the structure of the Board and its constituent parts, but also its methods of operation. The expanded commodities committees became in many respects completely autonomous. Their activities were directed more towards the mobilization of world supplies and the determination of valid requirements than to considerations which previously had been dictated by war.

In spite of difficulties, a workable, if cumbersome, organization continues to exist. No one is completely satisfied with the organization or its results at the present time, least of all the members of the board. It should be noticed, however, that the widespread interest in the activities of the Board is a reflection of an equally widespread desire for more food. The available supply of food has been distributed over a wide area in order that the shortage may not bear too heavily on any one country. Without the Food Board as it now operates, the world scarcity of food might otherwise have been drastically concentrated in a few areas.

It may be as well to remember that fact when tempted to criticize the Board and its operations. There has been an appeal made that the Board and its committees should trust UNRRA and accept its screened requirements. Dr. Rajchman talked about screened requirements. It is quite true, of course, requirements that come from UNRRA have been screened. It is equally true UNRRA has no way of relating those requirements to the requirements of other countries and to the world supply position. Therefore,

I think it is quite reasonable that requirements be screened by UNRRA and all the authority of UNRRA should be some outside agency be related to other agencies and total supplies. [*sic*] I hope the question of "trust" can be left out of the discussion, but if it cannot, then it might be as well to point out that the Board deserves a little trust as well. It is no tyrannical group of bureaucrats imposing their will on helpless governments but honest and hardworking experts making recommendations which can be accepted or rejected by governments, which are designed to ensure that an inadequate supply which cannot be divided to satisfy everybody shall at least be divided to satisfy nobody. All the nations that come before the Board must have equal justification to complain. That I'm afraid is what equitable distribution means in the present circumstances. In this process, UNRRA is entitled to a fair, but no more than fair, priority. Its claims must be related to the claims of others. In this table of priority the claims of ex-enemy countries should be put at the very bottom of the list, and it is unfair to the Combined Food Board to suggest, as has been suggested, that this is not being done; that the Board is as interested in supplying our ex-enemies as our present friends. There is no foundation to that suspicion. It would be a scandal and a crime if a Jap, through any action of a United Nations agency, lived better than a citizen of China, or if a Bulgarian or Roumanian were permitted to have a better ration than a Greek or a Yugoslav.

The Director General suggested specifically that the U.S.S.R. be added to the Board, and presumably its committees. As far as I am concerned, I heartily approve the extension of membership of United Nations agencies to include all United Nations, especially the U.S.S.R. I am thinking of the Food and Agriculture Organization, the International Bank, the International Fund, the Civil Aviation Organization, and many others. The U.S.S.R. is a great food producing country and the provision of complete information regarding its food production, food stocks and food shipments would, no doubt, be of great value to the work of the Food Board and its Committees, and make the work of those committees much easier. It would be most interesting to the Council to receive the reaction of the Soviet Member to this suggestion.

There is no need, Mr. Chairman, for me to say more. The need is so great, the problems of such gigantic magnitude, the implications of failure to meet them so terrifying, that only the most heroic efforts on all our parts will be of any real help. These efforts will require the laying aside of every consideration except that of human needs. That is the only consideration that guides our Director General and the Administration. It must be the consideration, the sole consideration, that guides the council and the governments we represent.

Food, Mr. Chairman, was a mighty weapon of war. Food must be a mighty weapon of peace. But it must never become a weapon of international politics. If it does, it will break in the hands of those who would debase it to that use.

To resolve the dangerous food crisis ahead, Mr. Chairman, we must all do more than we have ever done before; especially we who live in favoured lands. If we do not, we will soon learn that just as once this great nation could not live, half-slave and half-free, so today our "one world" cannot live half fed, half starved.

351.

W.L.M.K./Vol. 274

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] April 15, 1946

Mr. Pearson telephoned from Washington this afternoon to deliver a message to you from La Guardia, who had been in conference with President Truman during the day. Pearson gathered that the President had made further United States action for food relief conditional on assurances that Canada would take similar and simultaneous action. Specifically, the President would be prepared to make an order diverting 25 percent of the flour now going into domestic United States consumption if the Canadian Government would take the same action and if the United Kingdom Government would take some comparable step.

When Mr. Gardiner was in Washington last week, I believe he did say, in general terms, that we would be willing to match American and British efforts in making food available for overseas shipment. We have cut down the allowance of flour for domestic consumption by 10 percent, but the cut to 25 percent is obviously a much more serious step. If the Americans can take it, there is no doubt that we can too.

I am afraid if we defer deciding the question on which we are asked for our views by tomorrow, there may be a disposition in the White House to back out of this offer and blame inadequate American action on the absence of assurances that the other supplying countries were prepared to go along with them.<sup>1</sup>

N. A. R[OBERTSON]

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

Our understanding American proposal to withhold 25% of flour from bakeries. This not comparable on same basis as our absolute withdrawal of 10% or more of wheat we control from mills. In my opinion 15% on our basis would be equal to their 25 and no one was aware how Americans could carry out proposal. In my opinion if they can demonstrate an action taken we should match it.

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*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

IMMEDIATE

[Ottawa,] April 16, 1946

President Truman signed this morning an Order reducing the milling of wheat for domestic use or consumption, to 75% of the quantity so milled in the corresponding month of 1945. The United States are not making this Order public pending consultation with us about the form of the announcement. I expect to receive later in the day a draft for comment of the announcement the United States propose to make.

I informed the Wartime Prices and Trade Board this morning of the action the United States is going to take, and they are examining urgently the corresponding measures which may be taken here in the light of the Government's decision to match United States measures for the relief of the world food shortage.<sup>1</sup>

N. A. R[OBERTSON]

353.

DEA/215

*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-1069

Ottawa, April 17, 1946

SECRET. FOR IMMEDIATE ACTION. Following for Pearson from Robertson, Begins: Herewith is text of my minute to Prime Minister and Minister of Agriculture of my conversation with Stone in which I advised him of outcome of yesterday's Cabinet consideration of new measures to increase available wheat supplies. Quote.

I told Mr. Stone that Cabinet today had agreed that Canada should match the efforts of the United States to make additional wheat available and that he could so inform the United States authorities. At the same time he should make it clear that circumstances might require the application of varying

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

I might add that the first reaction of Wartime Prices and Trade Board to this news is that a 25 p.c. reduction in domestic flour supplies will create immediately a pretty chaotic situation with panic buying and demoralized distribution.

R[OBERTSON]

methods of restriction on domestic consumption. We thought it important that there should be consultation between officials about the methods to be used in the two countries so that there would be full understanding of how each country expected to reach the desired objective. I added that I thought it desirable that announcement of any measures should be synchronized as nearly as possible. Unquote. Ends.

354.

DEA/8737-40

*Le coordonnateur, l'administration des aliments, la Commission des prix  
et du commerce en temps de guerre, au sous-secrétaire d'État  
aux Affaires extérieures*

*Co-ordinator, Foods Administration, Wartime Prices and Trade Board,  
to Under-Secretary of State for External Affairs*

Ottawa, April 18, 1946

Dear Mr. Robertson,

The Committee<sup>1</sup> nominated yesterday afternoon by Mr. Gardiner met this morning. I understand Mr. Gardiner has left the City and I am therefore handing to you the report of the Committee for further follow up and action.

With reference to the draft text of a statement to be discussed in Washington today, our Committee feels very strongly that no reference should be made to possible further Canadian action unless it is clear that an announcement of what these further plans are can be made almost immediately, (i.e. not later than Monday).

Our concern is that if a statement goes out that Canada will shortly be announcing further plans to make more Canadian wheat available there will be a tremendous degree of pressure and confusion among Canadian primary and secondary wheat users until the actual measures are made public.

Yours sincerely,

K. W. TAYLOR

<sup>1</sup> Les membres de ce comité ad hoc étaient K. W. Taylor, président; le directeur du service de marketing, le ministère de l'Agriculture; le directeur, la direction des exportations, le service du commerce extérieure, le ministère du Commerce; le secrétaire, la Commission canadienne du blé et le commissaire en chef adjoint, la Commission canadienne du blé.

<sup>1</sup> The members of this ad hoc committee were K. W. Taylor, Chairman; the Director of Marketing Service, Department of Agriculture; the Director, Export Division, Foreign Trade Service, Department of Trade and Commerce; the Secretary, Canadian Wheat Board, and the Assistant Chief Commissioner, Canadian Wheat Board.

[PIÈCE JOINTE/ENCLOSURE]

*Rapport d'un comité ad hoc*

*Report of an ad hoc Committee*

[Ottawa,] April 18, 1946

MEMORANDUM RE PROPOSED FURTHER ECONOMIES  
IN WHEAT CONSUMPTION IN CANADA

1. Significant differences in Canadian and United States wheat consumption are indicated by the Consumption Levels Enquiry of the Combined Food Board:

(a) Wheat products constitute 95% of Canadian cereal consumption, but only 80% of the United States'.

(b) Corn consumption in the United States is 24 lbs. per capita; in Canada it is 0.3 lbs.

(c) United States per capita cereal consumption in 1945 was 5% above 1935-39; in Canada it was 4% below 1935-39.

(d) The 10% cut in Canadian wheat consumption below 1945, already in effect, puts total cereal consumption 13½% below pre-war, and with no indigenous cereal alternatives other than oatmeal. The impending 25% cut in United States wheat consumption below 1945 would put its total cereal consumption 15½% below pre-war, and with generous available supplies of cereal alternatives in oatmeal, cornmeal and rice.

(e) United States per capita supplies of pulses are 15 lbs. as against 10 lbs. in Canada; vegetables 219 lbs. as against 104 lbs. in Canada.

Normally Canada is a heavier consumer of potatoes, but this year we have been abnormally short, while the United States has had record surpluses.

2. In the light of the above, we do not feel that Canada can be regarded as having any obligation, vis-à-vis the United States, to make any further mandatory cuts in domestic wheat consumption. We also feel that in Canada the administrative and economic objections to a compulsory cut greater than the present 10% are almost insuperable.

3. Canada might, however, make available 1,500,000 bushels of No. 4 wheat within the next six weeks, and possibly another 1,000,000 bushels in June-July. We might also make available 5,000,000 bushels of oats.

4. If we were to follow a line of reasonable prudence, neither of the above steps should be taken until the 1946 crop is assured, but the present emergency appears to justify assuming the risks suggested.

5. Either of the two proposals in paragraph 3 would provide additional supplies of cereals equivalent to what would be produced by an additional 10 per cent cut in domestic usage of wheat for human consumption for a period of six months; together they would provide the equivalent of an additional 20% cut for six months.

6. Canada might also express a willingness to cease all commercial exports of flour except on a basis of urgent need, provided the United States agreed to do the same. Canada's additional contribution under this proposal would approximate 250,000 barrels of flour a month (i.e. equivalent to about 1,000,000 bushels of wheat a month).

K. W. TAYLOR

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DEA/8737-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

[Ottawa,] April 18, 1946

WORLD FOOD SITUATION; FURTHER MEASURES OF ASSISTANCE BY CANADA

At the meeting of the Cabinet on April 18th, approval was given to recommendations submitted regarding the provision of additional supplies of grain for export as follows:

(a) that Canada make available one and one-half million bushels of No. 4 wheat within the next six weeks from supplies immediately available and, if possible, a further one million bushels during June and July;

(b) that Canada make available five million bushels of oats from available supplies; and,

(c) that Canada offer to cease all commercial exports of flour, except on proof of need, as established by the Combined Food Board or some recognized joint committee, provided that the United States agreed to take the same action.

It was understood that a public statement to this effect would be made in the near future.

The Cabinet also considered a communication from the Working Committee of Combined Food Board and UNRRA officials, requesting that Canada take up with the countries concerned the diversion of certain grain shipments from Norway, The Netherlands and Switzerland to meet urgent UNRRA needs.

Officials of the departments concerned had suggested that responsibility for diversion of these shipments should rest with the Cereals Committee of the Combined Food Board, in consultation with the countries concerned and that Canada should not be asked to deal independently with these countries. It was suggested that the government might, however, agree to make any diversions approved by the Cereals Committee of the Combined Food Board.

The Cabinet, after discussion, agreed that diversion of Canadian shipments be dealt with along the lines suggested.

N. A. R[OBERTSON]

356.

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*L'ambassadeur aux États-Unis au secrétaire d'État adjoint des États-Unis*

*Ambassador in United States to Assistant Secretary of State  
of United States*

Washington, April 19, 1946

Dear Mr. Clayton,

I have been asked to convey to the United States Government the view of my Government that our two Governments could make a further and immediately effective contribution in the present emergency by cancelling forthwith all commercial exports of flour except such exports as can be justified on the basis of urgent need. The Canadian Government believes that all importing countries should be required to establish the urgency of their need in respect of unshipped quantities already ordered as well as in respect of such quantities as those countries may request during the next critical months. In cases where the urgency of these needs cannot be satisfactorily established, it is proposed that flour on order should be diverted to those areas where needs are known to be great. On the basis of preliminary examination it is our view that substantial quantities of flour could be diverted from Western Hemisphere and other destinations to deficit areas if this procedure were adopted by the Governments of Canada and the United States.

The policy proposed would require the establishment of a joint United States-Canadian committee of review to pass on applications for the reinstatement of cancelled export permits and for the consideration of new applications for commercial flour exports. Such a committee would obviously have to work in very close association with the Cereals Committee of the Combined Food Board and might well be constituted as an ad hoc subcommittee of that body. My Government would be glad to receive the views of the United States Government on the above proposal, which it is suggested should be put into effect immediately.

I am sending a similar letter to the above to the Secretary of Agriculture.

Yours sincerely,

L. B. PEARSON

357.

DEA/4171-40

*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-1123

Ottawa, April 24, 1946

FOR IMMEDIATE ACTION. Your WA-1726.† Following for Pearson from Robertson, Begins: You may inform the United Kingdom and United States members of the Combined Food Board that the Canadian Government con-

sents to agreed diversions of Canadian wheat, flour and bread grain substitutes from the United Kingdom to other destinations in which immediate needs are found to be acute.

I understand that at the last meeting of the Combined Food Board, at which the Minister of Agriculture was present, he expressly reserved the question of the price to be charged to recipients of Canadian wheat diverted from the United Kingdom. In view of the position taken by Mr. Gardiner, the question of the terms on which diverted wheat should be paid for will have to be left in abeyance until he has had an opportunity of discussing it with his Cabinet colleagues on his return to Ottawa next week.

In this general connection I should be glad to know whether there has been any agreement reached between the United Kingdom and the United States as to the terms on which the United Kingdom is to pay for the United States wheat which is to be provided in replacement for Canadian wheat now subject to diversion. Ends.

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*Le directeur général, UNRRA, au Premier ministre*

*Director General, UNRRA, to Prime Minister*

[New York,] April 24, 1946

My dear Mr. Prime Minister,

I am asking your help, and through you the help of the fertilizer industry of your country, in our effort to assure the prompt allocation and delivery of fertilizer for the hungry countries of Europe and Asia. Little more can be done for Europe this spring because of the lateness of the season, but there is an excellent opportunity for increasing food production in Asia. Only by a very determined effort can full advantage be taken of this opportunity to increase food production for the coming winter.

My first specific request for help is on behalf of China. Rice production in China can still be increased greatly by prompt action in making fertilizers available. Each ton of fertilizer used on time should result in an increased production of three to four tons of rice.

China is requesting a minimum allocation of 500,000 metric tons of ammonium sulphate and 200,000 metric tons of superphosphate from the Combined Food Board for the fertilizer year 1 July, 1946 to 30 June, 1947. The Chinese Government is simultaneously appealing for an allocation out of the above stated totals of 100,000 metric tons of ammonium sulphate and 100,000 metric tons of superphosphate to be made available for shipment in June and July of this year to increase the yield of rice in Formosa and South and Central China, which will be harvested in October. It is estimated that this 200,000 tons of fertilizer will mean an increased production of approximately 500,000 tons of rice, which is enough to feed 10,000,000 people for a year.

Since the period of maximum utilization of these fertilizers in your country is over for this crop year it should be possible, if special efforts are made, to assure the supply of the 200,000 tons of fertilizers for use on the second rice crop. Every effort should also be made now toward utilization of every fertilizer producing facility to assure that the over-all requirements of China, as well as of the other famine-stricken areas of Asia and Europe receive sufficient quantities of fertilizers this fall and next spring to prevent a repetition of the disastrous famine conditions that face all of us now.

I will appreciate deeply your personal help toward achieving our goal for China now and hope for your assistance in assuring adequate or expanded production for fall and spring use.<sup>1</sup>

Sincerely yours,

F. LA GUARDIA

359.

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*Le directeur général, UNRRA, au Premier ministre*

*Director General, UNRRA, to Prime Minister*

[New York,] May 7, 1946

Effective April 1st of this year your Department of National Revenue restricted the quantity of spirits which distillers could produce from grain or malt during the twelve months ending 31 March to fifty percent of the quantity produced during the twelve months ended 31 March 1946. Although that is quite a reduction, for which I am most appreciative, nevertheless it permits distilleries to produce two and one-half times more than their annual pre-war production. To be specific, prior to April 1st, Canadian distillers used 51,000,000 pounds of grain per month, of which 70 percent, or 35,000,000 pounds each month was wheat, so that distillers are now using 17,500,000 pounds of wheat each month. May I respectfully submit that here is a source where additional wheat and grain can be obtained for UNRRA's purposes. Many of the distillers in your country also have distilleries in the U.S., and we have reduced them to three days a month operation and supply. I am certain that Canadian distillers expect a reduction from what I have been hearing, as I have been associating with distillers the last few hours and expect a substantial contribution from them.

Will you kindly give this matter your attention. I am sure it will not be as painful to the distillers as it may appear.<sup>1</sup>

F. H. LA GUARDIA

<sup>1</sup> Aucune réponse à cette lettre n'a été trouvée.

<sup>1</sup> No reply to this letter has been found.

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*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

SECRET

[Ottawa,] July 3, 1946

Mr. Will Clayton telephoned me today from Washington about the wheat position. He had learned from Atherton that we had been disappointed in the negative and quite unhelpful attitude he had taken in his earlier talks with Strachey and Pearson. He had told Atherton that he would like to think over the position again, and would call me direct if he found he had anything to add to the views he had expressed in his earlier conversation with our Ambassador.

Clayton said he had been reviewing the American position with the Secretary of Agriculture, who had just returned to Washington after an absence of ten days. They were both concerned about their whole price policy, and realized why we were worried about the effect of an increase in the price of wheat on the general price structure. With the ending of O.P.A., the United States Administration had, at present, no power to control either domestic or export prices. If Congress restored O.P.A. authority, they would be in a position to consider a wheat agreement. Alternatively, he did not exclude the possibility of going to Congress for authority to make special arrangements about wheat. He asked if we were equally concerned about the course of their domestic price for wheat and their export price. I said that we had been used, over the years, to tariff-made disparities between domestic wheat prices in Canada and the United States and, moreover, recognized that, under present conditions, it was the generally higher level of prices in the United States which blurred the comparison between domestic wheat prices in the two countries. It was the uncontrolled American export price which was prying the lid off our export wheat price ceiling.

I said it was very difficult for us to justify and maintain our present export price of \$1.55 alongside an American price to the same customers of \$2.15. At the same time, we had to recognize that our present export price and the related return to farmers represented a relatively adequate incentive price. Any major change in this price would force radical readjustments right across the board, which would materially affect our general price control policy. The only way we could see of justifying to our producers the maintenance of present wheat prices lay in giving them some guarantee of a stable income over the next three or four years. This was the object of the draft bulk purchase agreement with the United Kingdom. I told Clayton that the maintenance of our export wheat price during the current year had represented, in effect, an export subsidy of \$140,000,000, which was a very sizeable supplement to the assistance we had given Allied countries in the form of loans, export credits and UNRRA contributions. UNRRA contributions would probably be coming

to an end, but this did not mean that the recipient countries could automatically put themselves on a pay as you go basis. He agreed, and said that Italy and Austria, in particular, would need substantial relief and assistance in 1947. I suggested the United States consider an agreed policy of subsidizing a staple export like wheat as a means of helping to bridge the gap between the real needs of the European countries and their immediate capacity to pay.

Clayton agreed that letting wheat prices ride without control would have the effect of stimulating uneconomic wheat production in all sorts of countries, which it was certainly not in our interest to encourage past the point of actually averting famine. He seemed to think the risk of world over-production in three or four years' time was a serious one, and agreed that it might be not only in the long-run interest of the exporting countries but a real aid to the general commercial policy programme if a staple of international commerce like wheat could move in quantity and at reasonable prices during this period of acute shortage.

In conclusion, he said he would go into the whole position again with Clinton Anderson and get in touch with us again as soon as Congress had decided what powers over prices were going to be entrusted to the Administration. Altogether, his opinion seemed to have moved a very considerable distance from the position he had taken in conversations in Washington last week.

N. A. R[OBERTSON]

361.

DEA/4171-40

*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*

TELEGRAM WA-2752

Washington, July 10, 1946

Following from Stone, Begins: Reference my immediately preceding teletype. †

The following message is from Wilson to N. A. Robertson, M. W. Mackenzie and George McIvor, Begins:

Following is the text of the memorandum to the Executive Committee of the International Wheat Council on the scope of a new international wheat agreement which I propose to present to the Committee this morning, text begins:

The preamble of the draft convention contemplated a post-war surplus situation; consequently the provision therein for production control, export quotas, minimum and maximum reserve stocks. Consideration at that time was also given to the operation of an agreement under conditions of scarcity, hence the provision for maximum, as well as minimum, export prices, and the provision for minimum, as well as maximum stocks. Notwithstanding, the

current situation was not fully anticipated, a situation in which all limitations would have had to be suspended on production control, export quotas and minimum reserve stocks, thereby leaving the maximum export price provision the only one which might now have been operative. To the extent that an international wheat agreement is desirable now, a major reorientation of approach would be required, particularly in respect of the timing of its several provisions.

In contrast with the 1941-42 negotiations, there is the advantage of dealing now with known elements of the current situation. It is evident that the most urgent problem is that of immediate recognition by the exporting countries of an obligation not to charge "all the traffic will bear" in an acute sellers market if there is to be any hope for recognition by the importers of their obligation to support a minimum export price level as soon as the market situation is reversed. Secondly, there is the problem of the current disparity between national export price levels. The immediate choice is between following an unstable export market situation up and down and the securing of a long-run measure of international price stability or, alternatively, a series of bilateral contracts between exporting and importing countries seeking piecemeal a similar end.

If wheat export prices were unlikely to rise further during 1946-47, thereby avoiding additional incentives to surplus production, and if there were no economic and political pitfalls in the path of "an expanding world economy" much could be said for the first alternative. In the absence of such assurances, the argument shifts in favour of a multilateral approach to a measure of stability in prices, production and export markets. Many considerations may be adduced in favour of multilateral against bilateral action if the multilateral approach can be accomplished. It remains, therefore, to outline the form of international agreement which might become operative forthwith.

#### *Preamble*

A brief recital of the current situation and the need for some degree of price stability.

#### *Article I—Membership*

Right of all Governments to join on notification of acceptance of membership, on equal terms as net-importing or net-exporting countries.

#### *Article II—Effective Date of Agreement*

On acceptance of membership by at least three exporting countries and ten importing countries.

#### *Article III—Duration of Agreement*

Four years from effective date of agreement.

#### *Article IV—Council*

1. Each exporting country to have one vote and each importing country to have a uniform fractional vote, so as to equate the collective votes of the

importing countries with the collective votes of the exporting countries. Simple majority of votes to govern except where otherwise specified.

2. Provision for Secretariat.

3. Finances. Provision for budget and division of expenses, based on size of votes.

*Article V—Executive Committee*

Appointment by Council.

N.B. So long as prices remain above minimum levels and non-price provisions are not operative, the Executive Committee could be continued such as at present. As soon as price equivalents, export quotas, etc., become a practical issue, then a continuous, salaried Committee will be required, preferably comprised of individuals experienced in grain business or in grain administration in their respective countries.

*Article VI—Prices*

1. Minimum and maximum f.o.b. prices plus carrying charges at average cost to be specified for each exporting country.

2. Such prices for one exporting country to remain fixed for duration of agreement.

3. F.o.b. equivalents of other exporting countries to be subject to adjustment as deemed necessary by the Executive Committee upon publication by the Committee.

N.B. F.o.b. equivalents need not now be equated exactly in relation to c.i.f. markets. Reasonably approximate relationships would suffice until minimum prices are reached. Then very careful adjustments would be required.

4. Member exporting countries to undertake to sell within the range to member importing countries for the duration of the agreement.

5. Member importing countries to undertake not to increase their purchases from non-member exporters beyond previous average imports from those exporters when minimum prices are reached.

6. Member exporting countries to undertake not to sell below minimum prices to any destination.

N.B. A four-year agreement maximum and minimum export prices would serve the joint purpose of assuring importing countries reasonable prices in relation to the present situation of relative scarcity and of assuring the exporting countries, as a justifiable quid pro quo, reasonable prices in relation to surplus conditions which may develop during the latter half of the agreement period.

Non-signatory importers should not receive the benefits of the maximum prices while giving no undertaking in respect of minimum prices, nor should signatory importers buy more from non-signatory exporters at low prices to the detriment of the signatory exporters.

The maintenance of minimum prices to all buyers by the signatory exporters would provide a salutary influence against the possible general disintegration of world wheat prices, and would minimize non-signatory importers from taking advantage of signatory importers, particularly in respect of flour trade.

*Article VII — Additional Provisions*

Additional provisions relating to production in exporting and importing countries, export quotas minimum and maximum stocks or other provisions to be brought into effect on such terms and at such times as may be approved by a two-thirds vote of the Council.

N.B. It is recognized that many or all of these provisions will be required sooner or later during the life of the agreement. The timing is at present uncertain, and the exact nature of the provisions can be more suitably determined in relation to the situation as it develops. Therefore, it should suffice now to give the Council authority, under a two-thirds majority to take action as and at the time required. Text ends. Teletype ends.

362.

DEA/4171-40

*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*

TELEGRAM WA-2761

Washington, July 11, 1946

Following from Stone for Robertson, Begins: Herewith Wilson's report for Robertson, Mackenzie and McIvor on July 10th meeting of Executive Committee of International Wheat Council. Wilson's document, teletype WA-2752 of yesterday's date, was discussed at length. The principal suggestion coming from the American representatives was that proposed Article 7 relating to production, export quotas and reserve stocks was not sufficiently specific. For example, Wheeler<sup>1</sup> regarded it just as essential to reach agreement now with importing countries on their wheat production policies as it was to come to an agreement on prices. Otherwise, it would be difficult subsequently to avoid having the importing countries pursue policies of self-sufficiency in the lack of any present commitment. He also regarded it necessary from the viewpoint of acceptance by the American public to state something more definite regarding export quotas which he preferred to regard in general terms of management of export supplies, which he considers necessary whether wheat is in short or in long supply.

Recognizing that it would be difficult to get full American support for a price agreement only, Wilson agreed to re-draft his document expanding

<sup>1</sup>L. A. Wheeler, président, le Conseil international du blé.

<sup>1</sup>L. A. Wheeler, Chairman, International Wheat Council.

Article 7 in order to recognize the principles involved in these other elements of the agreement, but still leaving the timing of their operation to a two-thirds decision of the Council. Wilson's revised document should be ready by Friday and will be forwarded by teletype. It was proposed that this document should be presented as a Canadian submission to the meeting of the enlarged Wheat Council to be held on Monday, July 15th.

The agenda for this meeting calls for a review of the developments to date within the Wheat Council for the benefit of the new members. It also calls for the appointment of a Preparatory Committee whose function would be to arrive at the precise terms of an agreement which could be reported back to the Council and become the basis of a submission to an International Wheat Conference to be called by the United States.

The new Governments represented on the Wheat Council will be invited to appoint a representative to the Preparatory Committee if they so desire and it is hoped that they will agree to meet as a Committee early next week in order that the draft Agreement may be drawn up during the week. It would then be referred to a second meeting of the Council to be held early in August with the various Governments having an opportunity in the interim to examine the terms of the draft Agreement.

It remains uncertain how soon the International Wheat Conference might be called, but Wilson's intention is to press for an early date. Ends.

363.

DEA/4171-40

*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*

TELEGRAM WA-2776

Washington, July 12, 1946

Following for Robertson, M. W. Mackenzie and George McIvor from Wilson, Begins: Following is the text of the first revise of the memorandum for the Executive Committee of the Wheat Council on the scope of a new International Wheat Agreement, the original text of which I sent to you in Embassy teletype No. WA-2752 of July 10th, Begins:

Item 4 of today's agenda calls for consideration of the appointment of a Preparatory Committee to review the draft convention and to submit a report to the thirteenth session of the Council. The Canadian member welcomes this proposal and suggests, for reasons set out in the following paragraphs, the urgency of the Preparatory Committee's taking up its work forthwith to revise the draft convention into such form that it could be recommended to Council and thereby to Governments through an International Wheat Conference as an agreement to become currently operative. In order to expedite the review

of the draft convention, a specific plan for revisions is set out herewith which might serve as a basis for discussion by the Preparatory Committee.

The preamble of the draft convention contemplated a post-war surplus situation; consequently the provision therein for production control, export quotas, minimum and maximum reserve stocks. Consideration at that time was also given to the operation of an agreement under conditions of scarcity, hence the provision for maximum, as well as minimum, export prices, and the provision for minimum, as well as maximum stocks. Notwithstanding, the current situation was not fully anticipated, a situation in which all limitations would have had to be suspended on production control, export quotas and minimum reserve stocks, thereby leaving the maximum export price provision the only one which might now have been operative. To the extent that an International Wheat Agreement is desirable now, a major reorientation of approach would be required, particularly in respect of the timing of its several provisions.

In contrast with the 1941-1942 negotiations, there is the advantage of dealing now with known elements of the current situation. It is evident that the most urgent problem is that of immediate recognition by the exporting countries of an obligation not to charge "all the traffic will bear" in an acute sellers market if there is to be any hope for recognition by the importers of their obligation to support a minimum export price level as soon as the market situation is reversed. Secondly, there is the problem of the current disparity between national export price levels. The immediate choice is between following an unstable export market situation up and down and the securing of a long-run measure of international price stability or, alternatively, a series of bilateral contracts between exporting and importing countries seeking piecemeal a similar end.

If wheat export prices were unlikely to rise further during 1946-1947, thereby avoiding additional incentives to surplus production, and if there were no economic and political pitfalls in the path of "an expanding world economy" much could be said for following the market. In the absence of such assurances, the argument shifts in favour of a multilateral approach to a measure of stability in prices, production and export markets. Many considerations may be adduced in favour of multilateral against bilateral action if the multilateral approach can be accomplished. It remains, therefore, to outline the form of an international agreement which might become operative forthwith.

#### *Preamble*

A brief recital of the current situation and of the immediate and long-term need for some degree of price stability.

#### *Article I—Membership*

Right of all interested Governments to join on notification of acceptance of membership, on equal terms as net-importing or net-exporting countries.

*Article II—Effective date of Agreement*

Upon acceptance of membership by a sufficient number of exporting and importing countries, in each case, to represent two-thirds of the estimated volume of the total commercial international trade in wheat in the 1946-1947 crop year.

*Article III—Duration of Agreement*

Four years from the effective date of the agreement. Should, however, any of the Governments of Argentina, Australia, Canada or the United States fail to become signatories within six months after the effective date of the agreement, then any of the signatory Governments would be free to withdraw.

N.B. This proviso recognizes that some Governments may not be able to implement the agreement immediately. The effective date need not await signature by all interested Governments. However, should any of the four major exporting countries fail to sign within a reasonable period, the agreement could not permanently become effective.

*Article IV—Council*

1. Each signatory exporting country to appoint a member having one vote and each signatory importing country to appoint a member having a uniform fractional vote, so as to equate the collective votes of the importing countries with the collective votes of the exporting countries. Simple majority of votes to govern except where otherwise specified. (As an alternative, the exporting countries to have votes based on their traditional shares in the international trade in wheat).

2. Provision for secretariat.

3. Finances. Provision for budget and division of expenses, based on size of votes.

*Article V—Executive Committee*

1. An Executive Committee, responsible to the Council, to be appointed to maintain general oversight of the operation of the agreement and to examine in detail proposals regarding any changes in the operation of the agreement. The size of the Committee to be determined by the Council, and the individual members to be appointed to the Committee by their respective Governments.

2. A price (and quota) Committee to be charged with the administration of adjustments in price differentials (and of adjustments in export quotas). This Committee would require to be maintained in continuous operation as soon as prices reach minimum levels. The Committee would preferably be comprised of individuals named by the operating grain agencies in each of the countries represented on the Committee.

*Article VI—Prices*

1. Minimum and maximum f.o.b. prices plus carrying charges at average cost to be specified for each exporting country.

2. Such prices for one exporting country to remain fixed for duration of agreement.

3. F.o.b. equivalents of other exporting countries to be subject to adjustment as deemed necessary by the Executive Committee upon publication by the Committee.

N.B. F.o.b. equivalents need not now be equated exactly in relation to C.I.F. markets. Reasonable approximate relationships would suffice until minimum prices are reached. Then very careful adjustments would be required.

4. Member exporting countries to undertake to sell within the range to member importing countries for the duration of the agreement.

5. Member importing countries to undertake not to increase their purchases from non-member exporters beyond previous average imports from those exporters when minimum prices are reached.

6. Member exporting countries to undertake not to sell below minimum prices to any destination.

N.B. A four year agreement covering maximum and minimum export prices would serve the joint purpose of assuring importing countries reasonable prices in relation to the present situation of relative scarcity and of assuring the exporting countries, as a justifiable quid pro quo, reasonable prices in relation to surplus conditions which may develop during the latter half of the agreement period.

Non-signatory importers should not receive the benefits of the maximum prices while giving no undertaking in respect of minimum prices, nor should signatory importers buy more from non-signatory exporters at low prices to the detriment of the signatory exporters.

The maintenance of minimum prices to all buyers by the signatory exporters would provide a salutary influence against the possible general disintegration of world wheat prices, and would minimize non-signatory importers from taking advantage of signatory importers, particularly in respect of flour trade.

#### *Article VII—Management of Export Supplies*

Recognition of the principle of management of export supplies under both scarcity and surplus conditions. International programming of short supplies is now undertaken by the I.E.F.C. When the I.E.F.C. function is concluded there will then be the necessity of programming exports which are in long supply in order to accomplish an equitable sharing of the available international market.

The Council should decide, by two-thirds majority, when export quotas should become operative, and in setting the quotas should have regard to:

1. The basic percentages set out in the draft convention (Canada 40, Argentina 25, Australia 19, United States 16 percent).

2. Quotas to be agreed for any other exporting countries adhering to the agreement.

3. Periodic transfer to other signatory exporters of the export quota, or part thereof, unlikely to be shipped by any signatory exporter during its crop year.

#### *Article VIII—Minimum and Maximum Reserve Stocks*

Recognition in principle of the desirability on the part of the signatory exporters of reaching as soon as is practicable the minimum reserve stocks as specified in the draft convention and thereafter of maintaining their carry-over stocks within the range of the minimum and maximum reserve stocks.

The draft convention range in stocks was Argentina 35-130, Australia 25-80, Canada 80-275, United States 150-400 million bushels.

To attain the minimum levels would assist in assuring the importing countries of continuity in future supplies, and to preserve the maximum levels would assist in insuring the exporting countries against large world surpluses.

The Council should decide, by two-thirds majority, when the minimum and maximum stocks should become operative. If export quotas were operative, it would follow that the minimum stocks provision should be operative.

#### *Article IX—Production*

1. Recognition of the principle that signatory exporting countries should regulate the production or delivery from farms of wheat in order to maintain their total supplies at levels which, allowing for domestic use and exports, will maintain their carry-over stocks within the minimum and maximum range.

2. Recognition of the principle that importing countries should not pursue uneconomic policies respecting domestic production. Preferably the importing countries should not set domestic prices for wheat for each crop year above the prevailing C.I.F. equivalent prices of wheat imported from the signatory exporting countries, and within the minimum and maximum price range. Otherwise little purpose would be served by the current establishment of reasonable export prices to the importing countries if the latter in turn propose to become in the future as independent as possible of imported supplies of wheat.

Commitments under (1) and (2) to become effective upon the introduction of export quotas. This recognizes that under prevailing scarcity conditions all Governments must support maximum production policies. Modification of production policies will, however, be required as soon as export quotas become necessary. Ends.

364.

DEA/4171-40

*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*

TELEGRAM WA-2879

Washington, July 20, 1946

Following for Wrong from Stone, Begins: Reference my WA-2853 of July 18th.† Following for your, Mackenzie's and McIvor's information is a brief report from Wilson, Begins: The Preparatory Committee of the International Wheat Council concluded a three-day session last evening and a revised draft proposal for an agreement substantially along the lines of Wilson's document No. 2 has been agreed. This document will be referred by the thirteen members of the Committee to their respective Governments with a request that instructions be returned prior to August 15th when the Committee will resume its sessions with a view to reporting to the International Wheat Council on August 19th.

Wilson is returning to Ottawa this afternoon with a clean copy of the revised draft but the draft will not be available for general distribution until Monday when further copies will be sent up by bag. Ends.

365.

DEA/4171-40

*Mémorandum du secrétaire adjoint du Cabinet au sous-secrétaire d'État  
par intérim aux Affaires extérieures*

*Memorandum from Assistant Secretary to the Cabinet  
to Acting Under-Secretary of State for External Affairs*

Ottawa, August 1, 1946

At the meeting of the Cabinet held today, the following item of particular interest to your department was dealt with:

*International wheat agreement*

Mr. MacKinnon submitted a report, of which you have a copy (Cabinet Document 262)† on a draft international wheat agreement submitted by the Preparatory Committee of the International Wheat Council to governments represented on the Council and providing for a minimum and maximum range of prices over a four-year period.

At the forthcoming meeting of the Preparatory Committee it was intended that the Canadian representative continue to work towards an agreement along the lines indicated; he would be assisted by advisers to be nominated by the Minister of Trade and Commerce.

The Cabinet, after discussion, noted with approval the report of the Minister of Trade and Commerce.

J. R. BALDWIN

366.

DEA/9093-40

*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-1930

Ottawa, August 5, 1946

Following for Stone from Bryce, Finance. It does not appear likely that I will get to Washington again until last week of August. Would you please pass on the following message to Peter Wright my alternate at Bank,<sup>1</sup> and to Gordon Munro of the U.K. Treasury in connection with discussions in next day or two regarding reaction to proposed FAO report recommending establishment of World Food Board with substantial finances and authority. Begins:

1. I have noted Meyer designated me as Chairman of a committee on FAO meeting but I will almost certainly not be able to get to Washington this week and therefore suggest I should be replaced on committee and that in view of importance Collado should take chair.

2. Hutton<sup>2</sup> telephoned me on subject Thursday and should see this report. I wish to express regrets to him that I cannot get there.

3. Munro showed me the proposed FAO report draft three and it is on this following comments are based. I discussed it here with Deutsch our expert in trade and commodity arrangements and with Sharp our expert on food and farm prices and related financial questions, and later discussed it again with Munro. We are of course not able to express official view of government but three of us here in Finance view proposed report as inadequate and dangerous, overlooking all difficult and practical questions confusing various purposes and functions yet because of commendable moral purposes and wording apt to stir up political interest and support of a type difficult to overcome and to meet with more practical and less dangerous schemes.

4. So far as we know other Canadian officials and ministers have not yet seen this report and no official Canadian view has been formulated. In view of importance of matter we shall probably seek to have it discussed between departments and an agreed Canadian Government policy or attitude formulated for expression at Copenhagen. We three in Finance, and we think

<sup>1</sup> La Banque internationale pour la reconstruction et le développement à Washington. R. B. Bryce était le directeur canadien.

<sup>2</sup> M. I. Hutton, officier principal, la mission alimentaire britannique en Amérique du Nord.

<sup>1</sup> The International Bank for Reconstruction and Development in Washington. R. B. Bryce was the Canadian Director.

<sup>2</sup> M. I. Hutton, Senior Officer, British Food Mission in North America.

External would agree, believe this attitude should be that buffer stock arrangements which are heart of proposal should be considered first at ITO conference as part of trade and commodity agreements problems and that they can only be considered at first in respect of individual commodities. Secondly, we feel that international relief or subsidies which is another aspect of FAO proposals is job of UNRRA or whatever arrangements succeed UNRRA and not proper field for action by FAO and certainly should not be mixed up with buffer stocks and loans. Thirdly, loans by international agency for agricultural development are obviously part of responsibility of international bank which is making itself ready for action in this field. As a consequence, support should not be given to extending powers and finances of FAO to cover these fields or to set up a second FAO under another name to do so. When FAO has specific and practical advice or information to offer on any of these subjects other agencies directly concerned would probably welcome it. I feel advancing of proposals of this nature obviously not thought through dodging difficulties and clearly doomed to frustration is likely to discredit FAO and possibly other international organizations as well to whom greatest danger is public attitude that they are not really practical and to be taken seriously but merely forums for speech-making. It is possible however that other Canadian officials or ministers may take a quite different view and therefore this message must be regarded only as my personal views and as director of Bank.

5. In regard to attitude to be taken by the Bank I think the main problem is the diplomatic one of expressing our disapproval and disassociating ourselves without at the same time interfering in what is not our affair or appearing to be unsympathetic to real needs of many countries. I think the substance of our attitude might include following points:

(a) Bank has noted proposals but does not feel able to support them because many of them extend far beyond competence of Bank and those with which we are concerned include solutions to difficult problems of long standing to which Bank wishes to give considerable study before expressing views or taking action.

(b) The Bank of course expects to make loans for agricultural development or reconstruction in due course and when it is ready to consider specific programmes or projects it will welcome any detailed technical and practical information or advice which FAO is able to provide.

(c) In making loans for agricultural development or reconstruction the Bank must have regard to the same sort of circumstances and limitations on its power as in the case of other loans. It must in particular bear in mind these provisions in its own articles of agreement which require it to act prudently in the interests of all member countries and to have due regard to the prospects that the borrower will be in a position to meet its obligations under the loan. The Bank must also bear in mind that the chief source of funds for making loans will be from the sale of securities of the Bank or guaranteed by

the Bank and consequently in order to obtain funds for the purposes for which it has been created the Bank must be able to convince investors it is making sensible loans which will enable the Bank itself to meet its own obligations. It can and presumably will incur risks, and charge a commission for doing so as required by its articles of agreement, but the Bank clearly cannot provide relief or subsidies.

(d) It would clearly be out of place for the Bank to be the agency providing the funds which it is suggested should be made available to enable countries of great nutritional need to purchase agricultural surpluses of other nations on special terms, and which it is observed, would not be recoverable. Any such operations would have to be clearly separate from and not associated with any operations in which the Bank was involved.

(e) Although the memorandum is not altogether clear on the point, it suggests that the funds required to finance "buffer stocks" would be obtained from other sources, either directly from member governments or "financed by borrowing on the market against its commodity assets". The Bank wishes to make clear that it has no specific authority to make or guarantee loans for buffer stocks and no general authority to make loans except to member governments or political sub-divisions thereof or business, industrial or agricultural enterprises in the territories of a member and where the member government itself is not the borrower it or its central bank must guarantee the loan.

(f) The Bank does not feel able to agree to take part in an executive international food and agricultural agency such as that proposed in very general terms. Any arrangements to participate in such an agency would have to be decided upon by the Board of Governors of the Bank but the Executive Directors are not prepared to recommend participation in an agency whose purposes include the provision of relief and other subsidies because this would be bound to lead to misunderstanding of the essential purposes and nature of the Bank's own operations.

(g) The Bank believes that in assisting in reconstruction and development of agriculture, industry and the economies of member countries generally it will be furthering the solution of "long term problems concerned with the production, distribution and consumption of food" and that its own actions will promote many of the worthy objectives sought by the Director General of FAO in this report. It believes however that the most effective means of accomplishing these objectives now is to be found in dealing with specific questions with the help of governments and existing agencies and not by seeking the establishment of more international agencies at this time before those already set up have had an opportunity to act effectively.

I agree that Hutton should take a brief statement to Copenhagen that he can make publicly on behalf of Bank in discussing this proposal as well as having instructions as to attitude he should adopt in discussion of those aspects of the report which directly concern the Bank. Message ends.

367.

CH/Vol. 2111

*Le secrétaire général, le Comité économique d'urgence pour l'Europe,  
au haut commissaire en Grande-Bretagne*

*Secretary-General, Emergency Economic Committee for Europe,  
to High Commissioner in Great Britain*

London, August 6, 1946

Sir,

In face of the very serious food situation in Europe and arising out of a Resolution adopted by the Emergency Conference on European Cereals Supplies held in London on 3-6 April 1946, a Standing Committee has been set up by the Emergency Economic Committee for Europe in co-operation with the European Regional Office of UNRRA to examine ways and means whereby any supplies of food which can be spared in any European country might be directed to other European countries faced with the immediate threat of starvation.

In a letter dated 6th May 1946, this Committee invited European Governments to undertake a special survey of any resources which might be made available at short notice to other countries in Europe where emergency conditions existed or developed.

The purpose of this letter is to make the suggestion that you might wish to consider inviting the voluntary relief organisations in your country to co-operate with the Standing Committee in meeting cases of special emergency in Europe.

The valuable work of voluntary relief organisations in Europe is well known and the Standing Committee fully appreciates that the organisations already have programmes set up and that their activities are in many cases determined by the intentions of their subscribers. Organisations might, however, be assisted by the guidance of the Standing Committee in determining the areas to which such of their resources as are not committed to some more specific object should be directed. In this respect the Committee could transmit to you for communication to the societies in your country information available to the Committee of emergency conditions arising or likely to arise. Similarly, the voluntary relief organisations could be informed of any foodstuffs reported to the Committee as available for acquisition which for one reason or another are not expected to be handled through UNRRA or other official procurement machinery.

Attached is a list† of supplies notified to the Committee up to the present which might be available and of interest to the societies. The Committee cannot of course guarantee that these quantities will in fact prove to be available. If any society in your country is disposed to acquire any of these supplies, I would be grateful if you could inform the Committee of your interest.

The Committee would be most grateful if you would bring the substance of this letter to the early attention of any voluntary relief organisations or their

councils in your country which in your opinion might be in a position to assist the Standing Committee in its objectives as briefly described above, or would welcome the advice of the Committee.

I have etc.

E. WYNDHAM WHITE

368.

DEA/215

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures  
au Premier ministre par intérim*

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

[Ottawa,] August 22, 1946

ABOLITION OF THE TEN PER CENT REDUCTION (ON A 1945 BASIS)  
OF SUPPLIES OF FLOUR FOR DOMESTIC CONSUMPTION

The 10% cut in supplies of flour for domestic consumption was ordered on April 1st, in accordance with the 9-point food conservation programme announced by the Prime Minister on March 17th. The United States had already announced a 9-point programme on February 6th.

On April 15th the United States Government indicated that further action on its part would depend upon "similar and simultaneous action" on the part of Canada and proposed a 25% cut in supplies of flour for domestic consumption.

Cabinet on April 16th agreed "that the United States Government be informed that the Canadian Government accepted the principle of comparable action to make larger supplies of foodstuffs available for export, it being understood that the nature of such action would in each case be determined between officials of the two countries." In a letter of April 17th Mr. Pearson informed Mr. Clayton of the United States State Department that the Canadian Government agreed to the synchronizing of measures affecting the export of food. Cabinet on April 18th agreed to release specified quantities of No. 4 wheat and oats for export and to propose to the United States that both countries stop commercial exports of flour except on a basis of proven need. On April 20th the United States Government announced a further 6-point conservation programme which included a 25% reduction in domestic flour supply. On May 2nd in Canada permits for commercial exports of flour were centralized under the Canadian Wheat Board.

In a joint release of May 20th issued following discussions with Herbert Morrison,<sup>1</sup> the Canadian and United Kingdom Governments agreed, among other things, "to continue to consult on measures of major importance that may be found necessary to meet the present world food shortage."

<sup>1</sup>Lord président du Conseil, chef de la  
Chambre des communes, Grande-Bretagne.

<sup>1</sup>Lord President of the Council, Leader  
of the House of Commons, Great Britain.

Unilateral action without at least prior notification, let alone consultation, would appear to be contrary certainly to the spirit of our undertakings.

It should be noted that Canada, unlike the United States and United Kingdom, has not increased the flour extraction rate, although we are under some obligation to do so by an F.A.O. resolution of May 27th, which we accepted.

#### RECOMMENDATION

It would be highly desirable if action could be deferred until comments are received from the United Kingdom and United States authorities. If, however, it is essential that action be taken immediately, then I would suggest that every effort be made to take action of a temporary nature designed to deal with an unexpected demand. The restriction might, for example, be waived for as short a time as is practicable, subject to later review.

I attach a copy of a telegram which is being sent at once to London and Washington.<sup>1</sup>

H. W[RONG]

369.

DEA/4171-40

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

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

TELEGRAM 1519

Ottawa, August 22, 1946

MOST IMMEDIATE. CONFIDENTIAL. Would you please convey urgently to the United Kingdom authorities the following:

1. It has become impossible for the Canadian Government to maintain rigidly the restriction introduced on April 1st, 1946, on the use of wheat for human consumption to a monthly usage for domestic distribution not exceeding 90% of the usage in the corresponding month of 1945.

2. There has been an unexpected and heavy drain on our supplies arising from the exceptionally large influx of United States tourists into Canada this summer. For this and other reasons current consumption has actually been running at about 12% above the corresponding period in 1945. It has been maintained by drawing heavily on inventories which are now close to exhaustion. Unless present restrictions are modified, bakers will be forced to restrict output to current flour receipts at the rate of 90% of 1945, which will mean an effective reduction of 20% below their current production. This would involve shortages of bread and serious difficulties

<sup>1</sup> Voir le document suivant.

<sup>1</sup> See following document.

for bakeries and would result in pressures for price increases. Many bakeries are threatened with closure unless their supplies can be increased. Complaints are being received daily by the Government and are difficult to deal with in the face of the expected large wheat crop and heavy movement of grain. We expect that we shall be forced to take some action in the immediate future. It may not be possible to avoid lifting the restriction completely, although we are exploring means of relieving the situation without taking this step.

3. We have similarly addressed the United States Government.

370.

DEA/215

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures  
au Premier ministre par intérim*

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

[Ottawa,] August 23, 1946

In continuation of the note which I sent you last night, the proposed lifting of the restriction on supplies of flour for domestic consumption, there have been one or two new developments of which you should be aware before the matter comes before Cabinet again.

In the first place we have received some indication that the United States Government is under pressure to modify their own restrictions. We are making urgent enquiries in Washington on this point. Their current restriction is to 85% of last year's supplies; the 25% reduction mentioned in my note of yesterday was never intended to be effective for more than a couple of months. If we act alone first and they follow suit shortly after, either by increasing domestic flour supplies or by lowering the extraction rate, it seems fairly clear that we shall be blamed for the change in their policy. If, therefore, we can synchronize our action with theirs we shall be in a much stronger position. The possibility of action on their part, however, remains problematical until we get reports from Washington.

Secondly, Donald Gordon says that he can deal with the immediate problems without the repeal of the current restrictions, provided that he knows that the restrictions will be lifted in the near future. He has so informed Mr. Abbott. What he would like, therefore, is a decision that the restrictions will be lifted at some time in the near future, to be set after we know more about the United States position.

Finally, I believe that if we do lift the restriction, our action should be publicly announced otherwise we might be accused of secretly departing from a declared policy.

H. W[RONG]

371.

DEA/215

*Mémoire du sous-secrétaire d'État par intérim aux Affaires extérieures  
au Premier ministre par intérim*

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

[Ottawa,] August 24, 1946

I attach a copy of a letter to Mr. Donald Gordon informing him of action taken this morning—apparently quite independently of our own problems—by the Secretary of Agriculture in Washington to ease some of the restrictions imposed on domestic consumption of grains in the United States. While the steps announced by Mr. Anderson do not correspond with the action desired here by Mr. Gordon, it is obvious that they make it much easier for us to increase our deliveries of flour to bakers without the danger of international repercussions.

H. W[RONG]

[PIÈCE JOINTE/ENCLOSURE]

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au président, la Commission des prix et du commerce en temps de guerre*

*Acting Under-Secretary of State for External Affairs  
to Chairman, Wartime Prices and Trade Board*

Ottawa, August 24, 1946

I have asked Mr. Pierce to pass on to you by telephone the information which I have just received from Mr. Stone in Washington, concerning action taken by the United States authorities to ease some of their restrictions on the domestic use of grains. Mr. Stone has reported that the Secretary of Agriculture has announced this morning that they are immediately reducing the extraction rate of wheat to 72%. In addition they are authorizing the brewing of 21% more beer and ale and the distilling of 20% more liquor. The deliveries of flour for domestic consumption are, however, to be maintained on the present basis of 85% of the deliveries in the corresponding month of 1945.

I may add that Mr. Stone yesterday informed the Department of State of our difficulties arising from acute local shortages of flour for baking and of the possibility that we might have to take immediate action to increase deliveries to bakers. He was told at the State Department that any corresponding action by the United States authorities was most unlikely and that the State Department would oppose any recommendation of this sort. The Secretary of Agriculture appears, therefore, to have acted without consultation with the Department of State, and possibly without any knowledge that the restrictions imposed in Canada might have to be eased.

I am informing Mr. St. Laurent of these developments and am sending copies of this letter to the Departments of Trade and Commerce, Finance and Agriculture, as well as to the Acting Secretary of the Cabinet.

H. H. WRONG

372.

DEA/9093-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum by Associate Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa,] October 1, 1946

UNFAO; CANADIAN POLICY REGARDING WORLD FOOD BOARD

At a meeting of the Cabinet on September 26th, it was agreed after discussion that a committee be established to consider and to make recommendations as to the general instructions which should guide Canadian representatives in questions affecting international traffic in foodstuffs; the committee to be composed of the Secretary to the Cabinet (the Chairman) and representatives of the Departments of Agriculture, External Affairs, Finance (W.P.T.B.), Fisheries and Trade and Commerce.

H. W[RONG]

373.

CH/Vol. 2111

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

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

DESPATCH 1713

Ottawa, October 7, 1946

Sir,

I refer to your despatch No. A.725 of August 23rd, 1946,† concerning a request from the Secretary-General of the Emergency Economic Committee for Europe that the Canadian voluntary relief societies be asked to co-operate with the Standing Committee of the Emergency Economic Committee in the purchase of surplus supplies of food in Europe to relieve emergency conditions. You enclosed a list of supplies available in Denmark and Sweden, which the Standing Committee thought might be of interest to the Canadian voluntary relief societies.

This matter was referred to the Deputy Minister of the Department of National War Services which is concerned with the coordination of the activities of voluntary relief societies and we have now received the following reply:

“As you are aware, the established policy of this Department has been that funds raised in Canada for relief purposes should be spent in Canada,

and that the contributions of Canadian voluntary organizations should be limited to the sending of relief supplies which it may be within the economy of Canada to provide and within the economy of the benefitting countries to accept.

“There have been certain minor exceptions to that policy whereby the “Save the Children Fund” and certain Jewish agencies which have been supporting the welfare programme in Palestine for a number of years have been permitted to export funds which may, to some extent, have been used in purchasing available food supplies abroad.

“If I am correctly advised, Canada has no representative on nor interest in the Emergency Economic Committee, membership of which comprises eleven European countries and the United States. In any event, there would not, in our opinion, be any good reason why this supply of foodstuffs should be brought to the attention of Canadian voluntary organizations, the more so as some of the items listed are actually available in Canada at the present time to overseas relief societies, and, further, that the acquisition of these supplies by Canadian voluntary agencies would not contribute materially to the solution of the general problem.”<sup>1</sup>

In view of these considerations, I should be grateful if you would inform the Secretary-General of the Emergency Economic Committee for Europe that the Canadian Government does not feel that Canadian voluntary relief societies would be interested in the purchase of any of the surplus supplies in Europe, as he has suggested.

I have etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

374.

DEA/4171-40

*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*

TELEGRAM WA-3605

Washington, October 9, 1946

IMPORTANT. This morning, at the request of Mr. Stillwell of the State Department, Mr. Paterson and I met with him, Mr. Francis Linville and

<sup>1</sup>La note suivante était écrite sur cette dépêche:

Mr. LePan

This may be a fair statement of policy from Nat[ional] War Services—but it certainly is not the view that the Wartime Prices and Trade Board has maintained.

If the possibilities of action were larger I should be inclined to ask Ottawa to reconsider—in actual circumstances however we might as well let things go forward.

N. A. R[OBERTSON]

<sup>1</sup>The following note was written on the despatch:

Mr. L. I. Highby of that Department, and Mr. Glen Craig of the Department of Agriculture. My immediately following teletype reports the discussion which we had with these officials on wheat exports.

This message is to report information which Mr. Stillwell gave us about a decision which has been taken in the Office of Defense Transportation to divert 14 ships, presently carrying Canadian wheat from Fort William to eastern ports. These 14 ships will, for the balance of the season of open navigation, be directed to Duluth to move United States wheat east. Their normal procedure has been to carry coal from the east to Chicago. In Chicago they unload this coal and pick up coal suitable for use on the Canadian railroads which they carry to Fort William, and on the down trip from Fort William they carry Canadian wheat. An order is to be issued directing them to proceed empty from Fort William to Duluth in the future to pick up United States wheat.

Mr. Stillwell regretted the necessity of this action. He said, however, that the United States was faced with a serious shortage (in the neighbourhood of twenty million bushels) of wheat in the east for domestic consumption and that in order partially to meet this shortage the authorities here had no other recourse than the diversion of these 14 vessels. We estimated roughly that for the balance of the navigation season these vessels, had they continued carrying Canadian wheat, would have brought down somewhere in the neighbourhood of ten million bushels. Mr. Stillwell said that Mr. Clayton had asked him to inform us of this diversion before the order is issued which will be done, I gather, today or tomorrow. Ends.

375.

DEA/4171-40

*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*

TELEGRAM WA-3606

Washington, October 9, 1946

IMPORTANT. Reference my immediately preceding teletype in respect of cereals.

At the informal meeting held in Stillwell's office, Department of State, this morning, attended by Paterson and myself, the question of integration of Canada-United States export programs was discussed. The two problems facing the United States authorities, and on which they requested our sympathetic understanding and assistance, are:

(a) Pressure is being brought to bear on the United States Government by United States commercial interests on the matter of present flour quotas and movement from the two countries. They feel that if they could say to the commercial interests that the Canadian export programs are prepared

in collaboration with United States authorities, and that export licenses are being issued accordingly, they would be in a better position to assure the complainants that the Canadian mills are not exporting purely in the interest of their commercial future.

(b) There is a feeling in some quarters that, notwithstanding Canada's excellent record of export movement, Canadian interests are leaving the major impact on the United States for supplying relief areas that would normally not interest either country as commercial outlets. To be specific, it is felt that Canada should program during this present period of emergency less cereals for countries like Belgium and Holland, and more to such deficit areas as the United Kingdom zone in Germany, UNRRA and India. We countered this inferred criticism by stating our wheat and cereals position in general, and in particular by pointing out that the overall quantities we may have to divide among the many claimants, other than the United Kingdom, are relatively small. We suggested that perhaps agreement could be reached at a working level for the provision of quantities of wheat and other cereals from both countries to the commercially potential areas. We also pointed out that Canada's economy was much more dependent upon wheat and wheat exports than was the economy of the United States—that normally the United States did not export anything like the quantities that Canada exports and that, therefore, they were thus in a better position in this period of emergency, which coincided with an excellent United States crop, to care for a major share of what they choose to term the non-commercial areas. The United States officials said, however, that they were fearful that eventually they might have to yield to the very considerable pressure now being brought to divert greater amounts of cereals to countries offering better future markets. Were Canada to undertake to ship some wheat during the present crop year to high deficiency areas where the need is great, but the future commercial potential small, then authorities in this country would be in a better position to resist pressure. They mentioned the possibility, for example, of diverting United Kingdom destined wheat to the United Kingdom zone in Germany. We said we could express no views as to the possibility of doing this, except to say that we understood the amounts of wheat now going into the United Kingdom just filled the minimum requirements of that country and were any to be diverted it would presumably have to be replaced by wheat or flour procured elsewhere.

The United States officials expressed the gravest concern about the whole cereals picture, and hold the view that the situation next spring will be considerably worse than it has yet been. They asked us, therefore, to report this informal conversation to you and to ask for your views. They appreciate that with our large commitments to the United Kingdom there cannot be any great flexibility in the disposal of our relatively small surplus available for other destinations, but they maintained that anything we could do during the next ten months to help in supplying such needs as those of India, Germany, Italy, etc., would materially strengthen their position at home.

In anticipation of our meeting with Stillwell this morning, we had yesterday a long discussion with McNamara of the Canadian Wheat Board, who was in Washington. From this it appears that it is the settled policy of the Board to ship only to destinations which have already been set up. With minor exceptions, these countries all have long range commercial potentials for Canada. In the light of our discussions I feel that the announcement of this export program would be very badly received here. While the question of international allocation was not raised directly this morning, Linville started the discussion by stating it seemed to him and his colleagues that the essence of the present problem was just how far were purely commercial considerations to govern the allocation of cereals, particularly wheat, to the various countries in need of food.

376.

DEA/9093-40

*Mémorandum du secrétaire du Cabinet au Cabinet*

*Memorandum from Secretary to the Cabinet to Cabinet*

[Ottawa,] October 11, 1946

UN-FAO: CANADIAN POLICY REGARDING A WORLD FOOD BOARD

The Interdepartmental Committee set up by Cabinet decision of September 26th, 1946<sup>1</sup> to consider and make recommendations as to the general instructions which should guide Canadian representatives at

- (a) the preparatory trade talks in London,
- (b) the general assembly of the United Nations, and
- (c) the preparatory commission on a World Food Board,

on questions affecting international traffic in foodstuffs, at a meeting held on October 11th, 1946, agreed to submit its recommendations in the form of a report as follows:

1. The Report of Committee I of Commission C of the FAO Conference, on which Canada was represented, reads in part as follows:

1. Having examined the Proposals for a World Food Board and accepting the general objectives of the Proposals namely:

(a) developing and organizing production, distribution and utilization of the basic foods to provide diets on a health standard for the peoples of all countries;

(b) stabilizing agricultural prices at levels fair to producers and consumers alike,

it is agreed that international machinery is necessary to achieve these objectives and it is recommended that a Preparatory Commission be established to carry the proposals further.

2. The terms of reference of the Preparatory Commission should cover the following matters: the Director-General's Proposals and any alternative proposals

<sup>1</sup> Voir le document 372.

<sup>1</sup> See Document 372.

which may be submitted to it and to prepare concrete recommendations and propositions for international action for achieving the objectives as set out in paragraph 1.

2. Since Canada suggested the establishment of a committee to examine the Proposals for a World Food Board together with other proposals that might be offered, and accepted membership on the Preparatory Commission that resulted from these suggestions, it would seem incumbent upon us to do everything possible to ensure that all matters brought before the Commission are freely discussed and thoroughly examined. To this end it might be urged that Canadian representatives on the Commission should be free to discuss, on its merits, any matter brought to the attention of the Commission, subject to the qualifications set out below, and should arrive at conclusions or seek instruction only after all phases of a proposal have been dealt with. It is the feeling of the Committee that Canadian delegates to the Washington meetings should not be committed to the support or rejection of any particular proposals, other than those set out in paragraphs 3, 4 and 5 below, in advance of their consideration by the Commission.

This suggestion in no way prejudices the right of Canada to make independent proposals. It is fully in keeping with the decision of the Copenhagen meeting that alternative proposals be submitted to the Commission. When such proposals are made it is of course to be expected that they will be endorsed by the countries submitting them.

### 3. COMMODITY AGREEMENTS

The objectives of the World Food Board and the International Wheat Council are similar in providing a long-term stability of international wheat prices and production, although the methods of accomplishing this objective are different.

Having in mind the Canadian government's policy respecting a world wheat agreement and the prospects of much earlier action through the IWC than through the FAO, the Canadian members of the FAO Commission should take a position in favour of the early completion of the IWC negotiations (if thought advisable by the proposing of an appropriate resolution) as a practical step toward the early attainment of the FAO objectives in respect of wheat.

In general, the Canadian members of the FAO Commission should do everything possible to avoid jeopardizing the success of the IWC negotiations.

### 4. INTERNATIONAL TRADE ORGANIZATION DISCUSSIONS

Apart from the attitude suggested in paragraph 3 above, and in view of the relatively early conclusion expected for the Preparatory Conference on Trade and Employment beginning on October 15th in London, it would be advisable for the Preparatory Commission on the World Food Board proposals to avoid reaching premature conclusions on matters related to intergovernmental commodity arrangements and allied issues of commercial policy, since any studies

by the Preparatory Commission in this field would require to be closely coordinated with proposals for the establishment of the ITO and in particular of the Commodity Commission thereof.

Accordingly it would be desirable to provide for consultation between the Canadian delegations to London and Washington, on the return of the former.

#### 5. INTERNATIONAL RELIEF

The question as to what measures, if any, should be taken to deal with international relief needs after the termination of UNRRA, was referred by resolution of the UNRRA Council to the United Nations, and will be considered at the forthcoming session of the General Assembly. The Canadian delegation should, therefore, seek to avoid any debate on this problem at the Preparatory Commission on the World Food Board proposals, pending action on this matter by the General Assembly. As post-UNRRA relief policy has not as yet been determined, the Canadian delegation to the Preparatory Commission should also avoid any expressions of opinion which might prove to be inconsistent with the policy ultimately adopted by the Canadian government in the light of the deliberations at the United Nations Assembly.

#### 6. DELEGATION

Discussion of this matter brought out the fact that the opening meeting of the Commission is likely to be concerned with generalities, including the allocation of proposals and other matters to committees of experts. With this in mind it would seem unnecessary to name a large delegation to attend the first session of the Commission. The Government will be better able to determine which experts should be attached to the Canadian delegation after the various committees of the Preparatory Commission have been established.

A. D. P. HEENEY

377.

CH/Vol. 2111

*Le haut commissaire en Grande-Bretagne au secrétaire général,  
le Comité économique d'urgence pour l'Europe<sup>1</sup>*

*High Commissioner in Great Britain to Secretary-General,  
Emergency Economic Committee for Europe<sup>1</sup>*

[London,] October 23, 1946

Sir,

You will recall that on the 6th August you sent a letter<sup>2</sup> to the Acting High Commissioner enquiring whether the Canadian Government might wish to consider inviting voluntary relief organisations in Canada to co-operate with the Standing Committee which was set up as the result of a resolution adopted by the Emergency Conference on European Cereal Sup-

<sup>1</sup> F. W. White.

<sup>2</sup> Document 367.

plies in meeting cases of special emergency in Europe. You suggested that Canadian voluntary organisations might welcome the guidance of the Standing Committee in determining the areas to which such of their resources as are not committed to some more specific object should be directed. Further, you proposed that voluntary relief organisations might be informed of any foodstuffs reported to the Committee as available for acquisition which, for one reason or another, are not expected to be handled through U.N.R.R.A. or other official procurement machinery.

The information and enquiries in your letter were communicated to the Canadian Government, and I have now received a reply.

It is the view of my Government that Canadian voluntary relief societies would not be interested in the purchase of any of these surplus supplies in Europe as you have suggested. Some of the items listed on the first schedule of available supplies which you sent with your letter are actually available in Canada at the present time to overseas relief societies; and it is hardly likely that the acquisition of these supplies by Canadian voluntary agencies would contribute materially to the solution of the general problem.

In addition, it has been the established policy of the Canadian Government, and particularly of the Department of National War Services, which is concerned with the co-ordination of the activities of voluntary relief societies, that funds raised in Canada for relief purposes should be spent in Canada, and that the contributions of Canadian voluntary organisations should be limited to the sending of relief supplies which it may be within the economy of Canada to provide and within the economy of the benefitting countries to accept. This policy has been adhered to with very few exceptions, and the Canadian Government does not feel prepared to recommend to the Canadian voluntary relief societies a departure from it in this case.

I have etc.

[N. A. ROBERTSON]

378.

DEA/4171-40

*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*

TELEGRAM WA-3850

Washington, October 28, 1946

Following for Oliver Master, and George H. McIvor, from Wilson, Begins: Mr. C. C. Farrington, Assistant Administrator, Production and Marketing Administration, United States Department of Agriculture, asked me to meet with him this morning to discuss Canadian and United States flour exports.

The position, as stated by Farrington, is that since last March the United States Department of Agriculture has set flour export quotas for all destinations, and, in respect of the commercial destinations, has also set quotas for the individual mills. Although the Canadian Government last April formally suggested to the United States Government that both countries set up quotas for the Latin American countries through the International Emergency Council in the interest of saving flour for the more necessitous areas, this offer was not taken up by the United States, but in the meantime the United States Department of Agriculture has evidently gone ahead on its own with flour export allocations. Commencing August 1st in Canada, we have authorized Class 2 flour sales subject to the granting of an export permit by the Canadian Wheat Board, but there have been only a few exceptions on our part from permitting the mills to sell to any destination in the quantities they have desired.

Meanwhile, the American mills have made increasing complaints through the Department of Agriculture here that they are being restricted on commercial sales to Latin American destinations, whereas our mills are selling without restriction.

Farrington actually took no exception to flour sales the Canadian millers are making in large volume to destinations such as China, the Philippines, Brazil and Greece, since he regarded these areas as necessitous ones and to which his Department would probably be forcing sales by their own mills. Since their mills were complaining particularly about their restricted quotas in the Latin American countries, he urged that we adopt a quota basis with both Canada and the United States taking percentage shares to be agreed upon in each market.

I stated to Farrington that, in my opinion, we would not be prepared to adopt a quota basis for these markets. This proposal had too much of an element of the two Governments interceding on behalf of the purely commercial interests of the American mills. I also stated that if the problem were one of conserving flour supplies for necessitous areas, and if it could be demonstrated that no<sup>1</sup> one of these Latin American countries was being over-supplied with flour from all sources combined, we would be prepared to suspend export permits simultaneously with the United States to any particular destination. Farrington was not altogether satisfied with my proposal nor did he accept it, stating rather that his Department would in all probability suspend the quota limitations on these markets which would simply mean free competition between the two countries for the business offering. It is possible that they will be making an announcement along these lines in the next few days. Ends.

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<sup>1</sup> Dans un télégramme subséquent, Wilson corrigea cette phrase, remplaçant *no* par *any*.

<sup>1</sup> In a subsequent telegram, Wilson corrected this sentence, replacing *no* with *any*.

379.

DEA/4171-40

*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-2798

Ottawa, November 8, 1946

IMMEDIATE. SECRET. Following for Wrong from Pearson, Begins: I have just received the following disturbing telegram from Robertson on our cereals position, Begins:

"1. Lord Addison told me that, in Cabinet this morning, Sir Sholto Douglas,<sup>1</sup> reporting on the food situation in the British zone of Germany said that General Clay,<sup>2</sup> the American member of the Control Commission, had shown him a letter he had received from Washington in which it was stated that 'Canada was sitting on 1,500,000 tons of wheat'. The inference drawn was that it was idle for the United Kingdom to approach the United States for additional supplies of wheat for the British zone so long as Canada was holding substantial quantities off the market.

2. The United Kingdom authorities know our wheat supply position and know how little we have in the way of reserves but they think it would be helpful if a story such as this could be scotched by an authoritative statement from Ottawa about our supply position which could be communicated to the United States Government for the information of the persons responsible for supply requirements for the Allied zones in Germany." Ends.

I think that we should tell the State Department, probably Clayton, as emphatically as we can that we resent American official statements that Canada is sitting on 1,500,000 tons of wheat. I assume that, as General Clay showed the Washington letter to Sir Sholto Douglas, there is no reason why we should not bring this matter up. Message ends.

380.

DEA/4171-40

*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-4012

Washington, November 9, 1946

IMMEDIATE. SECRET. Following for Pearson from Wrong, Begins: Your EX-2798, November 8th, concerning our wheat position. To set aright misconceptions on our available supplies, we must, I am sure, do more

<sup>1</sup> Gouverneur militaire de la zone britannique en Allemagne.

<sup>2</sup> Directeur du bureau du gouvernement militaire des États-Unis en Allemagne.

<sup>1</sup> Military Governor of the British Zone in Germany.

<sup>2</sup> Director of the Office of the Military Government of the United States in Germany.

than tell the State Department emphatically that we resent statements such as that which General Clay showed to Sir Sholto Douglas. As you know, the development of economic policy in the British and American Zones of Germany is to be discussed here next week. General Clay and Ambassador Murphy<sup>1</sup> with a large group of assistants are coming from Germany, and Sir William Strang<sup>2</sup> and a high level British group will act for the United Kingdom. Food policy will be one of the major subjects of discussion, and possible sources of wheat imports will figure largely during these talks.

2. Hutton of the British Food Mission has told me this morning that he has encountered serious misconceptions about our wheat position in many quarters in Washington recently. He thinks that these arise from dislike of our export commitments for flour and from a feeling that we are deliberately underestimating the amounts of wheat available for export. He says that he has constantly defended the Canadian position and has told the Americans that if they feel that way about it, they should take up the matter seriously with us before despatching misleading statements to American representatives such as that quoted by General Clay to Sir Sholto Douglas.

3. I think that we ought promptly to provide the United States authorities with an authoritative statement on our supply position of the sort suggested by Robertson in his telegram from London, and this should include the position during the current crop year and for comparative purposes that during the preceding crop year. While we have figures here, Paterson and I consider that this statement should be prepared in Ottawa and should be annotated where necessary to ensure proper understanding by persons not very familiar with wheat export questions. If you concur in this, I could present the statement to the Department of State perhaps on Tuesday (Monday being a holiday here) and request that it be drawn to the attention of the United States representatives in the discussions on economic policy in the Western Zones of Germany.

4. Hutton remarked to me that he calculated that the United States themselves might have six million tons of wheat not yet committed except in their own minds, whereas at the outside Canada could be represented as having possibly five hundred thousand tons not formally committed. The irritation here, according to him, seems to originate in misgivings over our flour exports as mentioned above and also in a belief that we are understating our stock position in order to hold something in reserve for the United Kingdom above the 160 million bushels provided for in the Wheat Agreement. A statement from us should, therefore, make clear the facts especially on these two points. Ends.

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<sup>1</sup> R. D. Murphy, le conseiller politique pour l'Allemagne des États-Unis.

<sup>2</sup> Conseiller politique du gouverneur militaire de la zone britannique en Allemagne.

<sup>1</sup> R. D. Murphy, United States Political Adviser for Germany.

<sup>2</sup> Political adviser to the Military Governor of the British zone in Germany.

381.

DA/Vol. 679

*Déclaration du président, la délégation à la Commission préparatoire de l'O.A.A. pour étudier les propositions visant la création d'un Conseil mondial de l'alimentation (première réunion)*<sup>1</sup>

*Statement by Chairman, Delegation to the Preparatory Commission of F.A.O. to study World Food Board Proposals (First Meeting)*<sup>1</sup>

STATEMENT BY G. S. H. BARTON . . . AT THE 8TH MEETING  
OF COMMITTEE II

(Section 3 Agenda, Methods and Techniques)  
November 22, 1946

We, of the Canadian delegation, are pleased that the United Kingdom delegation not only agree with us that commodity agreements and such devices as buffer stocks are not mutually exclusive, but also that they have shown in their statement how they may be complementary when employed in combination as well as separately. Emerging from the very helpful paper presented by the United Kingdom member and the discussion which has followed, are a number of points to which we should like to direct attention.

The assumption that the administration of international commodity schemes should be under the general supervision of a Commodity Commission, such as is proposed should be established under the International Trade Organization, has been interpreted by some speakers as implying the abandonment of the proposal for a World Food Board. Since there is an item on the agenda having to do with machinery, we refer to it at this time only because others have done so, but it is not our intention to elaborate upon it except to comment that, in our view, some central executive and administrative machinery would appear to be necessary for purposes of general administration, and of co-ordination not only with respect to food and agriculture commodity schemes but also as they may relate to other commodity schemes which may be developed under I.T.O.; and to suggest that the general character of any central authority, whatever form it may take, must be such as will command the confidence of food and agriculture interests and assure their identity in it.

In taking exception to the assumption which we have mentioned and to certain other references in the United Kingdom paper the member from India stated that in the approach to the problem, food is not to be regarded as a mere trade commodity. While agreeing that food has special characteristics from a humanitarian viewpoint, we must point out to the delegate from India that in Canada and in other large food producing countries where farming is commercialized, food must of necessity be treated as a

<sup>1</sup> La première réunion a eu lieu à Washington du 28 octobre 1946 au mois de janvier 1947.

<sup>1</sup> The first meeting was held in Washington from October 28, 1946 to January 1947.

commercial commodity. A specialized wheat farmer, for example, must make a substantial cash outlay in the production of his crop even before harvesting has begun. It is only by selling the product at a remunerative price that he can remain in business. We should also like to point out that in all countries farmers are among the hardest working groups within the population. Farming is a long-term occupation and the farmer's average margin of profit is narrow with the result that he is never among those enjoying the highest standard of living. In Canada about one-third of our people obtain their livelihood directly from food production and income from farming accounts for a large part of our national income. Our economy is, therefore, basically dependent on the prosperity of our farmers.

If we understand the member from India correctly he suggested that Canadian farmers expand their production of food and that, by virtue of increased consumption in countries with low dietary standards, they may be assured of a greater outlet for such food at a price equivalent to cost of production. This increased production can be achieved only by internal adjustments in the economy of individual farms or by the bringing into use of additional land. Since any substantial increase in production must bring in the marginal producer and the use of marginal land, increased costs of production must be expected.

The prophecies of the Australian member may be fulfilled, but I have no knowledge of any large areas of land comparable with those brought under production in the last half century that are not considered submarginal and that can't be brought into production except at what is regarded as excessive cost.

It is a matter of grave concern to hear on the one hand, pleas for exporting nations to increase their production of food, and on the other hand, the statement made by the Indian delegate at the Plenary Session on October 29 when he said, "I think that it is essential that each country should be made self-sufficient and self-supporting to meet all its food requirements". Other delegates have also intimated that in their respective countries developments in the same direction are contemplated. While we recognize the necessity for under-developed countries to increase their food production, if the policy among nations is to be one of complete self sufficiency I trust that it will be apparent that any special appeal made to Canadian farmers to increase their output of food to meet a temporary condition on a cost of production basis, is not likely to provide much of an inducement. Moreover such a philosophy is hardly in keeping with the aspirations of international co-operation nor is it likely to attain the objectives to which we of FAO have all subscribed.

The Canadian delegation is not unmindful of the objectives behind the World Food Board proposals as they relate to the improvement of diets and health standards for the peoples of all countries. We believe, however, that if we are to have economic production in order that the greatest possible quantity of food may be made available at prices reasonable to the consumer, it is essential that we have areas of specialized production and that the specialized farmer be assured of some permanency in his market. We also believe

that greater stability in prices is necessary to ensure an increased and more regular supply of food to deficit areas at reasonable prices and that the provision of reserve stocks is the only effective means of averting famine. We share the opinion that provision should be made for the distribution of surplus food to needy people. The means by which this might be achieved, however, need not necessarily be an integral part of the price stabilization mechanism but should be co-ordinated with it.

Where a condition of continuing burdensome surplus is apparent in surplus producing countries, steps might be taken to make the excess available through the central authority to areas in special need and where financial resources do not permit the purchase of the commodity at the established minimum price. To the extent that this might be done it would serve the double purpose of adjusting surplus and contributing relief. In other areas, where conditions are not sufficiently acute to call for actual relief but where diet improvement is desirable, similar action might be taken. In either case the question of financial responsibility arises. It is possible that the country or countries possessing the excessive surplus would be prepared and should be prepared to assume a definite part of the obligation but, whether on the basis of relief or as a contribution to diet improvement, there would seem to be good grounds for a general sharing of the financial responsibility.

With regard to buffer stocks, under the procedure outlined by the United Kingdom member, the producing countries, presumably the exporting countries, would be expected to assume the initial obligation to acquire through domestic accumulation what are termed surpluses, while at a later stage the importing countries would be obligated also to acquire surpluses.

We suggest that buffer stocks should be regarded as serving two purposes; a means of insuring reserve supplies for time of need and a means of relieving a temporary market condition when supplies are excessive. We submit that under conditions to be expected in the near future, the reserve purpose is naturally and logically the first one to satisfy. While reserves should be provided for all countries, the countries which are most likely to suffer because of their absence or shortage are the importing countries and, therefore, it would not seem unreasonable that the first obligation for reserve accumulation should rest with them. It may be, however, that some principle of common status should be established. Under this procedure no accumulation of supplies should be regarded as true surplus unless the quantity of necessary reserve supplies has been exceeded.

It is not unlikely that the continuous maintenance of necessary reserves by an importing country which is also a producing country, probably on a high cost level, may afford the necessary assurance to allow and perhaps encourage adjustment in the agricultural production of such country and thus contribute to the attainment of desirable reorientation in production.

The United States representative expressed concern that under conditions of surplus some importing countries might persist in adding to it by continuing to produce the commodity irrespective of economy of production and regard-

less of surplus conditions. The United Kingdom representative has proposed that the obligation of exporting countries to acquire surpluses would vary with the extent to which domestic prices exceeded the basic point of the price range. Here again it would not seem unreasonable that a similar obligation to share surplus should be imposed on importing countries that persist in producing a high priced commodity.

While strongly supporting the combination scheme approach for certain commodities, it seems doubtful that any single scheme will prove suitable for any large group of commodities. We would, therefore, urge that the utmost latitude be allowed in the range of scheme patterns. We concur in the suggestion, made by the member from The Netherlands, that comparatively simple schemes may accomplish a great deal in meeting the needs with respect to particular commodities. Commodity agreements without buffer stocks, long term contracts, special price support provision and what the United Kingdom member referred to as ad hoc arrangements, and even buffer stocks with only the minimum of agreement attachments necessary for their operation, may all have a place by themselves in distribution and stabilization.

Any international framework for production and marketing which the Commission may approve should provide, subject to the approval of the central administration authority, for the adaptation of schemes to particular commodities by commodity administrative units which are expected to assume the immediate responsibility of administration.

Presumably it will be necessary to refer this item of the agenda of Committee II to a working party for detailed study in the light of the representations made in the papers submitted and in the discussion. In view of both the technical and practical considerations involved in the various proposals put forward under this item, we should like to express the hope that after they have been sifted and before this Committee is expected to pass final judgment on the recommendations that may emerge, there will be opportunity to obtain, from the standpoint of commodity application, the reaction of commodity committees and the viewpoint of so-called practical people, such as representatives of the International Federation of Agricultural Producers, who share the desires of FAO.

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DEA/4171-40

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

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

TELEGRAM 2027

Ottawa, November 26, 1946

I repeat below the text of my telegram to the Canadian Minister to The Netherlands in which I ask him to seek the support of the Netherlands authorities to the price proposals developed on Canadian initiative in the Preparatory Committee of the International Wheat Council.

I have sent similar telegrams to our Ambassadors in France and Belgium. As the support is required for December 7th, it is unlikely that we can provide them with the necessary documents and I have accordingly suggested that they might call on you if they require further information. Telegram Begins:

Preparatory Committee of the International Wheat Council, which has undertaken to revise the Draft Convention of the 1942 Wheat Agreement, is striving to obtain by December 7th the views of member governments on a proposed agreement on prices which could be recommended to an international conference on wheat which would be called by the United States if there were sufficient evidence of agreement amongst members. The representatives on the Committee of Australia, Canada, the United Kingdom and the United States have agreed to recommend to the International Wheat Council basic minimum and maximum prices of \$1.25 and \$1.55 per bushel, but definite positions have not yet been expressed to the Committee by the nine other governments, including that of The Netherlands. For your information, Canadian initiative has played an important part in the development of the price proposals.

The Committee agreed at meeting of November 12th to make a final appeal to those governments and I should appreciate it if you would make known to the Netherlands authorities that the Canadian authorities consider it highly important and urgent that an international wheat agreement be brought into operation as soon as possible to reduce the wide divergencies in export wheat prices. Please do what you can to have the Netherlands authorities support the proposals by indicating before December 7 through their delegates on the Preparatory Committee their willingness to participate on the basis of the price range mentioned above in paragraph 1.

During the Committee discussion it has been suggested as a reason for delay that a wheat agreement should await the progress of the International Trade Organization and the Food and Agriculture Organization talks. It is our view, however, that the type of wheat agreement under consideration is one which furthers the broad objectives of the I.T.O. and the F.A.O. and can readily be brought under their aegis. On the other hand we believe that delay in reaching agreement will make it most difficult to reach effective agreement later.

For your information the position taken by the Netherlands delegate on the Committee (as set out in I.W.C. document "Communication to Governments from their Representatives on the Preparatory Committee", to which reference is made below) is as follows:

The Netherlands Delegate recalled his previous declaration that his Government was prepared to continue to take part in the negotiation of an international wheat agreement on the understanding that attention to the need for achieving stability in the prices of other agricultural products would be paid by the Preparatory Commission on World Food Board Proposals or the Preparatory Commission on the International Conference on Trade and Employment. He added that he personally felt that the proposed prices of 125 and 155 cents per bushel were reasonable.

In expressing the Canadian attitude you will no doubt find it useful to point out, as evidence that we have regard for the common interest, that the Canadian export price as of November 22nd was \$2.32 basis No. 1 Northern in store Fort William to all destinations other than the United Kingdom. If the proposed agreement were made effective, this price would have to be cut back by 77 cents per bushel.

We are making similar approaches to the Governments of France, Belgium, China, Denmark and India.

I am airmailing you document 26204-14 of the International Wheat Council Preparatory Committee "Communication to Governments from their representatives on the Preparatory Committee†"; a memorandum by the Department of Trade and Commerce on the general position<sup>1</sup> and a copy of the preliminary draft of the substance of the provisions of the principal articles of the proposed international wheat agreement.†

I suggest, however, that you should not defer your representations until the arrival of the documents. If you require further background than that given in this telegram, will you please telephone the Canadian High Commissioner in London. Ends.

383.

DEA/4171-40

*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-2986

Ottawa, November 27, 1946

IMMEDIATE. Here follows the text of the final statement on the Canadian wheat position which you may deliver to Mr. Clayton and use as you see fit. It is being referred to our Military Mission in Berlin, to our High Commissioner in London and will probably receive wide distribution to our offices abroad.

#### CANADIAN WHEAT POSITION

The Canadian authorities have learned with concern that, during the recent discussions of the problem of increasing the supply of food to Germany, it has been said that if Canada were more forthcoming in the way she dealt with her supplies of wheat the severity of the problem would be lessened. One reported statement was that Canada was sitting on 1,500,000 tons of wheat. Such statements are a serious reflection on Canada's reputation abroad. We believe that they would not have been made if the Canadian wheat position had been fully understood. We consider it necessary, therefore, to place the following facts before the United States authorities, and to request that they be made known to the officials concerned.

<sup>1</sup> Voir le document suivant.

<sup>1</sup> See following document.

Canada's wheat crop for the 1946-47 crop year, according to the latest estimate of the Dominion Bureau of Statistics, is 418,800,000 bushels. An earlier estimate, which may have been used in some calculations of Canadian exportable supplies, placed the crop at 441,000,000 bushels. The latest estimate fully bears out independent and usually reliable computations of probable deliveries from farms. Adding a carryover on July 31, 1946, of 70,000,000 bushels, total available supplies for the crop year are estimated at 488,800,000 bushels.

At best, estimates of domestic disappearance are subject to a considerable margin of error. It is reasonable to assume, however, that Canadians will consume at least as much wheat as in the previous crop year, if not more. Food use will be increased by the return from overseas of large numbers of the armed forces and their dependents. While animal population has shown a substantial drop and total feed consumption will probably be lower, it is expected that at least as much wheat will be fed this year as last because of the relative shortage of alternative cereal feeds. Moreover, a higher proportion than usual of this year's crop will be low-grade wheat. Finally, provision should be made for seeding a larger acreage to wheat in 1947. For purposes of these calculations, the total domestic disappearance in Canada in 1946-47 is placed at 175,000,000 bushels.

This leaves available for export and for carryover at the end of the season an estimated total of 314 million bushels. Of this total as large a quantity as possible will be moved abroad within the crop year. While the carryover on July 31, 1946, was one of the lowest for many years and certainly smaller than would be considered prudent under ordinary circumstances, the Canadian authorities do not contemplate adding to the carryover at the end of the current year as a matter of deliberate policy. If the carryover does increase, this will be due to factors beyond the control of government.

The chief factor now limiting exports is transportation. Throughout the autumn months the Canadian Wheat Board (which has full control of all wheat delivered by farmers), working closely with transportation authorities, has made a maximum effort to move wheat delivered from farms to the Head of the Great Lakes and to Vancouver and from the Lakehead east to Montreal. The movement of wheat down the Lakes has been hindered however by the competing and high priority claims of coal, ore and pulpwood—heretofore held back by strikes in certain of these industries and on Great Lakes' vessels. As an example, some 5,000,000 bushels of Canadian export wheat now lying at Buffalo cannot be moved to American seaboard ports because of the withholding of permits by the Office of Defense Transportation. Full use of the Great Lakes fleet is planned between now and the close of navigation in order to have a winter supply of wheat in the East for shipment during the winter months. There is every prospect that transportation difficulties will be encountered in the spring when navigation opens, but the principal limiting factor then will be the availability of wheat itself.

Therefore, in spite of every effort, it cannot be expected that more than 220 to 229 million bushels of wheat can be moved out of Canada within the crop

year 1946-47. There will probably remain therefore as a carryover on July 31, 1947, in all positions, some 85 million bushels. Most of this carryover will be in commercial positions. Farmers are delivering freely and in expected quantities and there is no reason to believe that they will hold abnormally large quantities on farms at the end of the season. Arrangements are such that, from a price point of view, there is very little, if any advantage in holding wheat on farms unless the farmer is prepared to hold for several years.

These are the facts of the supply situation as they now appear. It may be that the crop has been underestimated. It may be that domestic requirements will prove to be lower than presently estimated because of the efforts that the Canadian Government, in common with the Governments of other United Nations, are making and will continue to make to economise the use of wheat. In this case, the quantities available for export and carryover will be correspondingly increased.

Canada has an excellent record in fulfilling her food commitments abroad and we believe that it is in the best interests of both supplying and procuring countries to make plans on the basis of realistic forecasts of the probable position as estimated above.

Canada's commitments against available exportable supplies in the 1946-47 crop year are as follows:

	Bushels
United Kingdom—Wheat and Flour	160,000,000
Flour exports to other areas as explained below	40,500,000
Wheat commitments to other areas, all subject to programming by the I.E.F.C.	27,000,000
	<hr/>
Total	227,500,000

It will be seen that with total commitments of 227 million bushels against an exportable surplus ranging from 220 to 229 million bushels, we have anywhere from a deficit of 7 millions to a maximum surplus of 2 million bushels of uncommitted wheat at the present time. This margin is so small in view of the probable error in the estimate of exportable supplies, that it would be imprudent to make further commitments at the present time. We can make no new undertakings, therefore, until next spring when the position can be more definitely ascertained.

Included in the present commitments are 160,000,000 bushels to the United Kingdom under the United Kingdom-Canada wheat contract. This is the minimum quantity called for under that contract. The minimum import requirements of the United Kingdom as screened by the International Emergency Food Council, on the other hand, are 202,000,000 bushels, not including quantities required for other areas of British supply responsibility. If the IEFCE were to reallocate from the U.K. to other destinations part of the 160,000,000 bushels contracted from Canada, this would only serve to increase the U.K.'s substantial requirements from other sources and would make no contribution whatever to the over-all supply situation.

As to flour exports, these were the subject of discussion between Canada and the United States last April, at which time the Canadian Government offered to co-operate in the placing of quotas on commercial markets. The possible savings, however, from this and other measures covering flour exports which could be made effective at this time are not likely to be significant. Throughout the war and up to the present Canada has undertaken to meet the flour requirements of Newfoundland and the British West Indies, including British Guiana and British Honduras. Annual sales to these countries account for about 9,000,000 bushels of wheat in the form of flour. Within recent months Canada has sold substantial quantities of flour to China, Brazil, Norway, the Philippines, Greece and UNRRA, all of which are recognized as coming within the category of unquestioned need. These destinations account for an additional 27,500,000 bushels of wheat in the form of flour. In addition Canada is likely to ship on a strictly commercial basis some 4,000,000 bushels of wheat in the form of flour to other destinations in the Western Hemisphere and Africa, excluding Newfoundland and the British West Indies.

In sum, therefore, the proportion of flour sales by Canada which might be put in the category of "commercial", account for only about 10 per cent of the 40,500,000 bushels included in the foregoing table of commitments.

To conclude, the position is this. Total supplies of wheat in Canada are smaller than earlier thought likely. Whatever the exact supply situation may be present indications are that exports will be limited to between 220,000,000 to 229,000,000 bushels, including the wheat equivalent of flour. Of this quantity about 227,000,000 bushels have already been committed in conformity with the principles of the International Emergency Food Council, leaving anywhere from a deficit of 7,000,000 to a margin of 2,000,000 bushels. In this situation it is impossible to consider making any further commitments until next spring.

In short, Canada is not "sitting" on wheat or avoiding her full share of the general responsibility to meet a world shortage of cereals.

384.

DEA/4171-40

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

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

TELEGRAM 166

Ottawa, December 19, 1946

International Wheat Council. At meeting December 9th Preparatory Committee of International Wheat Council representatives of Australia, Canada,

<sup>1</sup> Des télégrammes semblables furent expédiés aux missions à Paris, à Bruxelles, à Londres, à Chungking, à Buenos Aires et à Washington.

<sup>1</sup> Similar telegrams were sent to the missions in Paris, Brussels, London, Chungking, Buenos Aires and Washington.

China, Italy and the United States favoured recommending to the International Wheat Conference basic minimum and maximum prices for a period of four years of \$1.25 to \$1.55 per bushel, basis No. 1 Manitoba Northern, in store Fort William.

Representatives of Belgium, India, The Netherlands and the United Kingdom supported the British proposal that the above range be set for three years from August 1st, 1946, with a fourth year minimum of \$1.00 if the agreement is to extend for four years.

The Danish representative said his Government would consider whatever range was generally acceptable.

Representatives of France, Brazil and Argentina reported their Governments were not yet prepared to support any price range. We expect, however, that the French Government will shortly instruct its representative to support the above range.

With 83% of current wheat exports and 71% of current imports represented by the countries whose representatives were prepared to support the price range, the Preparatory Committee reported to the International Wheat Council on December 11th that sufficient agreement had been reached on prices to warrant the calling of an International Wheat Conference with reasonable prospects of success in concluding a new International Wheat Agreement.

The inability of Argentina to agree at this stage was regretted but study is being given by the Secretariat to a partial agreement which could become operative if Argentina fails to adhere.

The Wheat Council on December 11th accepted the Preparatory Committee's report and agreed to meet on January 15th. For that meeting a complete draft agreement should be available for consideration as well as draft of a partial agreement.

Council also agreed on March 1st, 1947 as a tentative date for the convening of the International Wheat Conference. Final decision on place and date of conference will be made at January 15th meeting.

The Canadian delegation is highly pleased with the results achieved and say that the representations which our missions made to the other participating Governments contributed substantially.

CHAPITRE VIII/CHAPTER VIII

NATIONS UNIES  
UNITED NATIONS

PARTIE 1/PART 1

RECRUTEMENT DU PERSONNEL POUR LE SECRÉTARIAT  
RECRUITMENT OF PERSONNEL FOR SECRETARIAT

385.

DEA/5475-H-40

*Mémorandum du chef, la deuxième direction politique<sup>1</sup>*

*Memorandum by Head, Second Political Division<sup>1</sup>*

CONFIDENTIAL

[Ottawa,] April 4, 1946

The attached note by Mr. Malania raises the question of whether the Canadian Government should nominate candidates for the United Nations Secretariat and should screen applications from Canadian nationals. Mr. David Owen has given Mr. Pearson the impression that the United Nations favours the screening process and Mr. Owen regretted that no Canadian applications for high posts had been received from Ottawa.

I am disturbed to learn that Mr. Owen is taking this line. Certainly in the Executive Committee stage and I think in the Preparatory Commission stage there was general agreement on the undesirability of governments screening applications from their nationals and the representatives from the British and Western European countries were insistent that national governments should not screen applications from their nationals. The representatives of these countries also took the line that governments should not nominate nationals for posts.

It is clear that it is going to be much more difficult to establish a truly international Secretariat for the United Nations than for the League of Nations. Our hope in London was that we could protect the Secretary General against political pressure by the rules and regulations and recommendations adopted by the Assembly on the Secretariat. However, these rules are not going to be of much value to a Secretary General who refuses to act in accordance with their spirit.

<sup>1</sup> A. N. A. Robertson, G. Ignatieff, S. D. Hemsley, L. Malania et C. S. A. Ritchie.

<sup>1</sup> To N. A. Robertson, G. Ignatieff, S. D. Helmsley, L. Malania, and C. S. A. Ritchie.

I suggest that Mr. Ritchie be asked to inform Mr. Owen that we stand by the position which we took in San Francisco and London and which we considered was supported by the great majority of the Members of the United Nations, that we realize the difficulties which the Secretary General must encounter in recruiting his staff, but that we do not think the way out of these difficulties is to ask governments to make nominations.

E. REID

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de la deuxième direction politique*<sup>1</sup>

*Memorandum by Second Political Division*<sup>1</sup>

CONFIDENTIAL

[Ottawa,] April 4, 1946

The attached correspondence with Mr. Pearson regarding our policy with regard to appointments to the Secretariat of the United Nations raises a difficult problem.

It will be seen from Mr. Pearson's letter that officials of the U.N.O. rather welcome the nomination of candidates for posts by their Governments. Judging by our experience in London, it is likely that some pressure is being brought to bear on the Secretary General especially by the Latin Americans. In the elections to the International Court, for example, some Latin American and other delegations sent out circulars asking for support for their candidates and extolling their virtues.

There was also some feeling among certain members of our delegation that we were rather backward in pressing our claims. If it should be felt, when most of the Secretariat appointments have been made, that Canadians have not secured their fair share of them, especially of the higher posts, the Government may be criticized for not having done enough.

Before we do anything about it we should probably hear what Mr. Ritchie has found out in New York, but we should perhaps begin to think now of what our policy should be if in fact appointments are not being made on as virtuous a basis as we would wish. In particular, we might think of suitable candidates we could suggest to the Secretary General for the intermediate posts of Directors and Assistant Directors.

L. M[ALANIA]

<sup>1</sup> À N. A. Robertson, E. Reid, G. Ignatieff  
et S. D. Hemsley.

<sup>1</sup> To N. A. Robertson, E. Reid, G. Ignatieff  
and S. D. Hemsley.

[PIÈCE JOINTE/ENCLOSURE]

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

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

Washington, April 1, 1946

Dear Mr. Wrong,

I have received your letter of March 26th<sup>†</sup> regarding Canadian applications for the Secretariat of the United Nations. I note that such applications should be sent direct to UNO and not through any Canadian authority. I think that this is the proper procedure, and my only reservation in regard to it is that other countries do not seem to be following it.

I discussed this matter last week in Atlantic City with David Owen, and he told me that other members of UNO had begun to make nominations and forward applications. He gave me the impression that in such forwarding a screening process had been adopted. He also gave me the impression that UNO had no objections to this; in fact rather favoured it. I am afraid that the result will be that Canadian applications may not get the same consideration as those which are sent semi-officially from other countries. Owen, in fact, mentioned to me his regret that no Canadian applications for higher posts had been received from Ottawa.

I suggested to Mr. Robertson from Atlantic City that this matter was developing in an unsatisfactory way so far as Canada was concerned, and that Mr. Ritchie should take advantage of his presence in New York to discuss the matter with Mr. Owen. I understand that he has done so and I shall be interested to hear the result.

Yours sincerely,

L. B. PEARSON

386.

DEA/5475-H-40

*Le chef, la première direction politique,<sup>1</sup> au sous-secrétaire d'État  
aux Affaires extérieures*

*Head, First Political Division,<sup>1</sup> to Under-Secretary of State  
for External Affairs*

New York, April 8, 1946

Dear Mr. Robertson,

I had dinner last night with Mr. Biddle of the United States Bureau of the Budget. Mr. Biddle has been acting as the United States Representative

<sup>1</sup> M. Ritchie était alors à New York pour assister aux réunions du Conseil de sécurité des Nations Unies comme observateur.

<sup>1</sup> Mr. Ritchie was then in New York to attend the meetings of the Security Council of the United Nations as an observer.

on the Advisory Committee of Experts on Finance and Administration of the United Nations. Mr. Biddle has been also acting as Adviser to the Secretary General on personnel questions. My object in arranging this meeting was to talk over questions connected with Canadian personnel for the United Nations.

Mr. Biddle expressed much the same point of view as that of Mr. David Owen as to the usefulness of receiving from Member States of the United Nations information as to the qualified personnel available. He said that he appreciated fully the view that National Governments should not press their own own candidates on the United Nations, but he thought that any available information regarding personnel which Member Governments could supply would be very much appreciated.

He said that he was anxious to see a really good appointment as Director of Personnel for the Organization. When he returns to Washington in the near future, he would leave a United States Government official, Mr. Watson Thompson, as Acting Director of Personnel. He did not think that the Organization should hurry too much in making the definitive appointment. The great thing was to get the right man for the job. Mr. Biddle thought that it would be undesirable to have a United States National as Director of Personnel. On the other hand he considered it very necessary that the Director should be familiar with conditions of employment on the North American Continent. He thought that in every way a Canadian would be best for this position.

He went on to say that the Organization was very short of good financial experts and administrative personnel generally. They were thinking of making some appointments on a *pro tem* basis, and here again they would be glad to have any names which we could suggest. The appointments would not be at a very high level as far as position and salary were concerned.

Mr. Biddle said that he thought it would be helpful for Mr. Watson Thompson to talk over these problems with the Department of External Affairs, and he was going to suggest to him that he should pay a visit to Ottawa for that purpose.

I then asked whether he could give me some account of the position as regards the more routine types of appointment. Would he, for example, think it desirable that the Department of External Affairs and Government Departments of other Member States should have a supply of application forms for the United Nations for distribution to their own Nationals who were applying for positions in the Organization?

Mr. Biddle said that he thought the desirable position would be for the Department to refer all applicants to the Personnel Division, United Nations Secretariat. On the other hand, he thought that in individual cases it would be useful to have letters of recommendation from people in a position to know the qualifications of the applicants. Those letters could either be forwarded with the application or could be addressed separately to the

Personnel Division. Even if the recommendations came from Cabinet Ministers or Government officials they would not regard these as recommendations by the Canadian Government, but would be treated as personal recommendations. The more the Secretariat knew about the qualifications of the applicants from authoritative sources, the better.

I think that Mr. Biddle and other responsible people in the Secretariat are rather worried about the situation with regard to the employment of personnel. In this field, as in others, no definite policy seems to have been laid down by the Secretary General. From what I can learn here, appointments to the lower ranks of the Secretariat seem to be made on a somewhat hit-or-miss basis.

Yours sincerely,

C. S. A. RITCHIE

387.

DEA/5475-H-40

*Le secrétaire général adjoint, le département des Services administratifs et financiers, Nations Unies, au secrétaire d'État aux Affaires extérieures*

*Assistant Secretary General, Department of Administrative and Financial Services, United Nations, to Secretary of State for External Affairs*

New York, July 1, 1946

Dear Sir,

Arrangements have now been completed for appointing a representative of the United Nations in Canada to be responsible for recruiting for the staff of the United Nations Secretariat.

This is to advise you that Mr. W. B. Herbert of the Canada Foundation, 56 Sparks Street, Ottawa, has been selected for this purpose. In brief, Mr. Herbert will be responsible for all correspondence, enquiries and applications in regard to appointments to the staff of the United Nations. Through the Departments of Government, and through the universities, technical and professional organizations, and other unofficial bodies he will make known the staff requirements of the United Nations with the terms of appointment, supply application forms and prepare them for transmission to the United Nations.

Any questions or enquiries relating to recruiting for this Organization in Canada, therefore, should be referred to Mr. Herbert, who will communicate with your Department at an early date. We appreciate very much any assistance you care to offer to him in carrying out his duties.

Yours faithfully,

MARY SMETON

for the Assistant Secretary General  
Department of Administrative and  
Financial Services

388.

DEA/9655-A-40

*L'ambassadeur aux États-Unis au directeur général suppléant adjoint,  
le département des Finances et de l'Administration,  
le bureau régional européen d'UNRRA*

*Ambassador in United States to Assistant Deputy Director General,  
Department of Finance and Administration,  
UNRRA European Regional Office*

Washington, October 1, 1946

Dear General Stein,

I have your letter of the 23rd September,† concerning the prospects for Canadians now serving with UNRRA to secure employment with other international organizations.

You mentioned that you had not been able to ascertain how proportionate Canadian representation is assured on the staffs of international organizations. There is no method by which the Canadian Government has attempted to seek a guarantee from international organizations that they would employ such and such a percentage of Canadians in certain definite categories of positions. It is up to each international organization itself to work out its employment regulations and, as you can well imagine, the question of getting the best person for a particular job and, at the same time, trying to satisfy geographic representation is the most difficult problem they have to face. The inevitable tendency of the new international organizations is to have too high a percentage of American, British and Canadian employees, and one of their problems, therefore, is to search for properly qualified personnel from Latin American and European countries.

To help find such personnel, the United Nations, who will eventually have about 4,000 persons in their Secretariat, (the present number is 2,000) have sent Terry MacDermot, formerly of our Department, on a globe-circling mission to interview and classify applicants. I do not know the details of his itinerary, but as it might be of interest and value to UNRRA employees scattered throughout many countries, you may be able to get the details from the United Nations office in London.

I assume that UNRRA has been attempting to have other international organizations grant some preference in employment to former UNRRA employees, and although no formal agreement that I know of has been reached with these other organizations, I understand that, in fact, quite a number of UNRRA employees are obtaining positions with other international bodies. I cannot say that I agree with the principle which would give preference in employment or any sort of definite priority to those who had served with UNRRA. If that were done it would mean that 12,000 persons would be entitled to such preference, and that is twice the number which it is projected will be employed by all the international organizations now in existence. It would tend to exclude persons of equal qualifications who, during the last

six years, have given their services to the military forces, war production agencies and other such activities. I feel that the individual should stand uniquely on his own qualifications and, to the extent that that is done, and the international organizations are free and able to select the best qualified persons, the more certain will be the success of those organizations. Applications to international organizations should be directed as follows:

\* \* \*

I trust that this information is what you wanted and that it will be of assistance to some of your employees in obtaining positions with other international organizations.

Kindest personal regards.

Yours sincerely,

L. B. PEARSON

PARTIE 2 / PART 2

ÉLECTIONS / ELECTIONS

SECTION A

COUR INTERNATIONALE / INTERNATIONAL COURT

389.

W.L.M.K./Vol. 419

*Le représentant, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Representative, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

London, February 7, 1946

Dear Mr. Robertson,

I think it is desirable that there should be on record a statement of how the Delegation voted in the elections to the International Court of Justice yesterday. On the first ballot we supported candidates from Canada, the United Kingdom, the United States, U.S.S.R., France, China, Belgium, Brazil, Salvador and Yugoslavia, all of whom were elected on that ballot. In addition we supported the candidates from Venezuela, India, Norway, Poland and South Africa. We reluctantly decided not to vote for Bailey on the first ballot since it was argued strongly that this might affect Read's chances of election. I am glad to say that since Bailey only got eighteen votes on this ballot our lack of support for him was not in any way responsible for his defeat.

On the second ballot for the two unfilled places we supported the Indian and Australian candidates. Since no candidate in the Assembly secured a majority there still remained two places to be filled.

On the third ballot, since Europe was under-represented on the Court we gave our votes to the Norwegian and to Bailey and the Norwegian was elected. We stuck to Bailey for the fourth ballot but he lost to the Pole.

The result is that the Court includes only two judges from the British Commonwealth—McNair of the United Kingdom and Read. I think a third candidate would have been chosen if it had not been for a division of votes between Zafrullah of India and Bailey. For electoral purposes the British Commonwealth is undoubtedly regarded as a group, even for the choice of judges. There are four Latin Americans on the Court from Brazil, Chile, Mexico and Salvador, and they very nearly succeeded in electing an indifferent candidate from the Argentine as well. In addition to McNair there are six Europeans on the Court, from France, Belgium, U.S.S.R., Yugoslavia, Norway and Poland. The four remaining seats are filled by the Chinese, Canadian, United States and Egyptian candidates.

From the little I know of the candidates, it strikes me that a pretty competent group of judges has been chosen. They still have to determine the length of the term of each of the judges by drawing lots for those who will sit for the three and six year terms.

Yours sincerely,

H. H. WRONG

SECTION B

SECRÉTAIRE GÉNÉRAL / SECRETARY GENERAL

390.

DEA/211-A

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

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

TELEGRAM 35

Ottawa, January 5, 1946

SECRET AND PERSONAL. Following from the Prime Minister for the Minister of Justice, Begins: On thinking over our conversation at Laurier House just before your departure when we discussed possible candidates for the Secretary Generalship of the United Nations Organization, I am of the opinion that Malcolm MacDonald would in many ways be a stronger and more suitable candidate than those whose names have hitherto been canvassed. He has qualities of judgment and character which would fit him for this high post and his experience, which is already long for a man of his age, includes politics, public administration and diplomacy. It may be argued against him that he is a national of one of the Great Powers. While this is true, it is I think more than balanced by his sympathetic understanding of the necessity of associating the smaller countries wholeheartedly in the work of international coöperation. Certainly we in Canada would have no misgivings about his selection on this score.

I think you would be making a real contribution to the successful launching of the new Organization if you could persuade the other governments participating in the Assembly to consider very seriously MacDonald's qualifications for the post of Secretary General. Ends.

391.

DEA/211-A

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

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

TELEGRAM 118

London, January 13, 1946

IMMEDIATE. TOP SECRET. ASDEL No. 11. Following from Wrong, Begins:

1. There has been very little discussion among the Big Five of the choice for Secretary General. We may well receive, however, an early request from Mr. Byrnes for information whether Pearson is available. He seems to be the preferred candidate of the United States and United Kingdom if agreement cannot be reached on a satisfactory European. Some members of the United States delegation have told me privately that the delegation would like to have Robertson but understands that he is not available. At present the most that can be said is that Pearson seems the least unlikely choice from a list, the selection of any of whom is unlikely.

2. The Soviet delegation is pushing for the choice of a Slav and their candidate is Simich, Yugoslav Ambassador in Washington. I gather that there is no chance of his being accepted. If they were to switch to a stronger candidate such as Benes he might be chosen.

3. There is no prospect of the choice of Malcolm MacDonald who would be opposed by the Government here. The Russians so far have expressed no view in private discussions on any candidate but Simich.

4. I think Pearson should be informed of the position. Please, therefore, repeat this telegram to him. Ends.

392.

DEA/211-A

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

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

TELEGRAM WA-258

Washington, January 15, 1946

IMMEDIATE. TOP SECRET AND PERSONAL. Following for Robertson from Pearson, Begins: Your EX-123,<sup>1</sup> January 14th, U.N.O. Secretary-Generalship. In the unlikely event of information being sought as to my availability,

<sup>1</sup> Ce télégramme avait répété le document précédent.

<sup>1</sup> This telegram had repeated the preceding document.

my own views, which you may wish to pass on to Wrong, would be as follows. I would wish further information before I could make a decision, particularly regarding the terms and conditions of the appointment, preservation of existing pension rights, etc., about which I know little. I would wish to know about salary, allowances, etc., and, even more important, whether the Secretary-General would be given adequate guarantees of independence and freedom from outside pressure, and whether the acceptance of the position is to be a disqualification for subsequent national official employment. I would also like to know more about the character of the Secretariat, whether its independence is guaranteed and whether there are adequate assurances of the preservation of its international character. I would be worried if there were stipulations regarding national approval for all appointments to it or if a substantial number of those appointments were to be made by the seconding of national officials. Finally, I would like to know whether the Secretariat will secure immunities and privileges that would be adequate for the discharge of its duties.

2. It seems to me that it would be difficult for anyone to decide whether or not to accept the post of Secretary-General unless he had information on the above points. Some of these matters are, I gather, being dealt with by the Assembly, so such information may possibly be available shortly. Other points have been included no doubt in the report of the Preparatory Commission, which I take it will soon be available.

3. I know you will send on by telegraph anything you may have or may secure which throws light on these questions. I hope, finally, that the question will be settled soon and that it will not be postponed until the second meeting of the first session. Ends.

393.

DEA/211-A

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

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

TELEGRAM WA-308

Washington, January 17, 1946

IMMEDIATE. TOP SECRET AND PERSONAL. Following for Robertson from Pearson, Begins: Your EX-156,† January 17th, Secretary-Generalship. I had lunch today with Dean Acheson and asked him if they had received anything from London which would throw any light on the Secretary-General discussions. He was not, however, able to add much to what Hume<sup>1</sup> has told us. He confirmed that my name had been bandied about a good deal but that first choice would be a European if a suitable one could be agreed on. I told him that we also were in favour of a suitable European and that we hoped the solution of the problem could be found along these lines. He thinks it likely that the Russians will abandon Simich, who would receive little support, and

<sup>1</sup> Hume Wrong.

might concentrate on Lie, though he does not consider the latter a very impressive candidate. My earlier message, WA-258, for transmission to Wrong, need not go in its original form in view of the report I have received. I realize also that some of the questions I asked in it cannot be answered. Nevertheless, in the unlikely eventuality of being confronted with an offer, I would certainly like to know whether Wrong and others in London feel that the independence and international character of the Secretariat is adequately guaranteed; whether appointments to it have to receive national approval and whether it can be assured of the immunities and privileges adequate for the discharge of its international functions. For your own personal and very confidential information, Acheson told me today that they had received reports from their delegation in London that the impression had been given them in the early days of the Assembly that I would not be available if the choice fell on me. Ends.

394.

DEA/211-A

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

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

TELEGRAM 240

London, January 27, 1946

SECRET. ASDEL No. 30. Following from Wrong, Begins: Secretary-General.

Press reports of deadlock are accurate and date of agreement in Security Council cannot be predicted. The leading possibilities are Pearson and Lie. Jebb has been suggested by the United Kingdom as their second choice to Pearson, who continues to be regarded as the least unlikely selection. The Russians, however, while offering no objection to Pearson on personal grounds, claim that his choice would give too strong an influence to North America. They would probably prefer him to Van Kleffens, who is still mentioned, if Lie is not acceptable to the English-speaking countries. Some new candidate, of course, may emerge. Ends.

395.

DEA/211-A

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

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

TELEGRAM WA-497

Washington, January 28, 1946

IMMEDIATE. TOP SECRET. Following for Robertson from Pearson, Begins: I saw Secretary Byrnes this afternoon to get his views of the progress of the Assembly in London in general and the situation regarding the Secretary-Generalship in particular. The Secretary looked somewhat tired and was not as buoyant as usual, which is certainly understandable in the circumstances.

He was not pessimistic, however, about developments in London. He did not go into these in any great detail, but I have heard from another source, very confidentially, that in an off-the-record talk last Friday night with three or four correspondents here, he expressed the view that things were going well, that the Iran issue was not so serious as news despatches indicated; that the new Government of Iran might, in fact, settle it by direct negotiations with Russia and that the latter would thereupon withdraw its Greek and East Indies complaints. (The Secretary's well known optimism has let him down here). Byrnes had added that Stalin had been very frank with him in Moscow about Iran and had admitted that while the U.S.S.R. talked about a Democratic movement in Azerbaijan, what they really wanted was to ensure that no hostile Government in that part of the world was going to sabotage oil fields in which the Soviet Union had a vital interest. In this connection, Byrnes thought that the Russians had a legitimate right to demand peace and security in territory contiguous to its own borders.

2. On the Secretary-Generalship, Byrnes said that they had put forward my name for purely practical reasons. They felt that, as administrative problems in the early stages of organization would involve so many contacts with United States Federal and State authorities, the Head of the Secretariat should be someone familiar with American practices. At the first meeting of the Big Five, the United Kingdom and China supported the United States nomination. Paul Boncour put forward Bonnet, and Gromyko put forward Simich. Gromyko said that they had no objection to me personally, but they felt that the Secretary-General should be an Eastern European because the Organization was located in the United States, Byrnes said that he took the view that a North American should not be barred on these grounds, especially as the United States had not sought to have the Organization in this country. If this consideration was to be advanced continually by the U.S.S.R. and European countries, then perhaps the Organization should be located in Eastern Europe and a North American selected as Secretary-General. At a second meeting of the Big Five, France agreed to support my nomination, but Vyshinsky maintained the position adopted by Gromyko. He seemed a little worried, however, by Byrnes' suggestion that the whole question of site might have to be reopened and said that he would ask for further instructions from Moscow. Byrnes' view is that the Russians will stick to the position they have adopted and may now put Lie's name forward formally as one who would be suitable to everybody. If they do this, the Americans will accept him rather than force the Russians into the position of vetoing me. I told Byrnes that I thought that this was sensible and that the use of the veto in this matter should be avoided. If Lie is not put forward by the Russians, they may nominate Masaryk and Benes.

3. I think a solution of this problem will be found along the above lines and that we should take whatever steps possible to remove the impression that there is to be a battle to the end between a Canadian nominated by the United States and a U.S.S.R. nominee. We certainly do not want this question to result in a victory or a defeat for any country or person.

4. I could not avoid seeing the press on leaving Byrnes' office. For the record, I told them that I had been seeking for my Government from the Secretary his views as to how things were going in London in general and that, in particular, as my name had been associated in the press with the Secretary-Generalship, I was interested to learn from the Secretary how that matter stood. Off the record, I explained that the U.S.S.R. and other members of the Council thought that the Secretary-General should be a European and that, if they continued to feel strongly about this, agreement could probably be reached on some suitable European nominee.

5. I should have mentioned previously that after the Big Five discussed the Secretary-Generalship, Byrnes insisted that there should be an informal discussion of the matter with all members of the Security Council. This was done, as a result of which eight supported my nomination while three said that they favoured a European. Finally, I told Byrnes this afternoon that, as he knew, I was not seeking this post, and that if it would ease the situation for me to say I was not available, I would be happy to do so. He said that my position was understood; that the Canadian Delegation in London had never given the impression that I was a "candidate" but he hoped that I would let matters develop and would take no steps to withdraw my name from consideration. Ends.

396.

DEA/211-A

*Le représentant, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Representative, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

PERSONAL AND CONFIDENTIAL

London, January 30, 1946

Dear Norman [Robertson],

There is little I can add to the telegrams which I have sent concerning the nomination of the Secretary General by the Security Council. There is no doubt whatever that Pearson was strongly pushed by the British and supported by the Americans as their first choice. The Russians, however, were unyielding in their insistence that the Secretary General should not come from "the Anglo-Saxon Bloc", with the headquarters in the United States and this Assembly in London. The French wanted a European and the Chinese probably tagged along with the majority.

The American desertion of Pearson was probably caused in part by the difficulties which arose at the very beginning when the election of the President of the Assembly was contested between Spaak and Lie. The British were very annoyed with the Americans at that time, as they claimed that the Americans had given some assurance weeks before to the Russians that they would support Lie while telling the British that they were completely uncommitted. If true, this is the result of a muddle and not of any double dealing. In any

event the Americans voted for Lie and he was beaten. This made it harder for them to hold out against his selection as Secretary General, however unrelated the two posts are in fact.

Noel-Baker told me yesterday that he was very much disturbed over the prospect of Lie's selection. He said that he was all right in Norway, where he was quite a good Foreign Minister, but that he was not nearly quick enough or astute enough to tackle the work of Secretary General. He was trying when I saw him to get hold of Bevin in an effort to persuade him to support a last minute move to draft Eisenhower for a couple of years, with the hope that Pearson might have succeeded to the office. If such a move was made it was blocked by the Americans, who have always said that Eisenhower was not available.

I am satisfied that there was nothing which the Canadian Delegation could do to prevent this outcome. We had let it be known widely that Pearson was available and all those whom I consulted, with one exception, were strongly of the opinion that anything more on our part would be positively harmful. The exception was Hadow, whose judgement on this as well as on most other matters is notoriously unsound.

As I said in my telegram† this morning, I think in any case Pearson is well out of it. I doubt that the best man on earth would have much chance of enhancing his reputation during the initial years. The load placed on the Secretary General is terrific and the pressure for national representation acceptable to member governments is going to make the recruitment of a good working Secretariat a most difficult task. If the Organization really begins to work and if Lie proves himself to be a poor Secretary General, Pearson may well get another chance in five years, or even sooner.

Yours sincerely,

H. H. WRONG

397.

DEA/211-A

*Le représentant, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Representative, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

SECRET

London, February 7, 1946

Dear Mr. Robertson,

I have picked up a little more information about the negotiations leading up to the selection of Lie as Secretary General. I gather that Pearson was supported strongly by the United Kingdom and the United States, that China also supported him and that Paul Boncour for France said that while he had no instructions he would agree with the view of the majority. The Russians then imposed their veto—not formally, but said that if a vote were taken they would vote against Pearson.

Gromyko came up to Massey and me a day or two ago at a party and said that he wished to take this opportunity of explaining why the Russians had been unable to accept Pearson; and he started by emphasizing that they had nothing whatever against either a Canadian Secretary General or Pearson personally, but that with the Headquarters in the United States they felt unable to agree that the Secretary General should come from another American country. He said that they would have taken the same attitude in the case of any candidate from any country of North or South America. He was very friendly in manner and I think that he gave a true explanation, for what it is worth.

Yours sincerely,

H. H. WRONG

### SECTION C

CONSEIL DE SÉCURITÉ ET CONSEIL ÉCONOMIQUE ET SOCIAL

SECURITY COUNCIL AND ECONOMIC AND SOCIAL COUNCIL

398.

DEA/211-C

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

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

TELEGRAM 85

London, January 9, 1946

IMMEDIATE. ASDEL No. 7. Following from Wrong, Begins:

1. Electioneering is going strong, with elections to the Council probably on Saturday morning. There is said to be an understanding between Latin American and Arab groups for a joint slate.

2. At Commonwealth meeting this afternoon we were pressed not to stand for Economic and Social Council to clear way for election of Australia, India and New Zealand. Fraser refused to stand down but South Africa withdrew. There is prevalent a feeling that States elected to Security Council should not be elected to Economic and Social Council. We did not withdraw and at present have support of United States for two or three year term. We took line that our record and interest in international economic affairs and organization made us an obvious choice. This pressure to withdraw will probably continue, and if we are chosen for Security Council we may not get enough votes for Economic and Social Council. Our membership of Atomic Commission is also cited as a reason against election to Economic and Social Council.

3. Australian delegation has been instructed to press for their election to Security Council and say they cannot withdraw. Since only one Dominion can be chosen they may cut into our vote, but we should get through.

4. The "functional principle" may be accepted in theory, but in electoral practice it will mainly be honoured in the breach. The Commonwealth group is generally regarded, not only by foreign countries, but also by other Commonwealth members, as one bloc to be represented by rotation in the same class as the Latin American, Arab and other blocs.

5. There is serious talk, especially from United States delegation, of a Canadian Secretary-General, probably Pearson. We may soon have to consult you urgently on this. Ends.

399.

DEA/211-C

*Le haut commissaire en Australie au secrétaire d'État  
aux Affaires extérieures*

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

TELEGRAM 13

Canberra, January 10, 1946

TOP SECRET. 1. At last moment Government here due, I think, to pressure of press and public opinion, decided to be represented on Ministerial level at United Nations Assembly in London. Honourable Mr. Makin, Minister for Navy and Munitions and Acting Minister for External Affairs in Evatt's absence, left this morning by air for London.

2. I called on Evatt yesterday to pay my respects upon his return to Australia on January 7th following a trip abroad of four months.

3. During the conversation, he asked me to convey following message to Mr. King informally.

4. He would like Canada's support for Australia's election to the Security Council. He states that Article 23 of the Charter provides that, in election, due regard shall be paid to military and economic power and to geographical consideration of election.

5. He says that, outside of Big Five, Canada and Australia, in order named, made greatest contribution to the war and that both were entitled to election on this score. Then he says that from geographical considerations Australia was entitled to a seat.

6. He says that Canada's election is inevitable. He suggests that Canada should have two year term and Australia one year.

7. Anticipating argument of too great representation of the Commonwealth, he argues that our nations are in World Organization as independent sovereign States and that membership in the Commonwealth has nothing to do with the case. We would be on Council as nations, not as units of Commonwealth or representing same. To take any other stand would be to admit, theoretically, that Commonwealth must function as a unit.

8. He also says that if we ever admit any other contention, units of the Commonwealth will find themselves in position of rotating in representation

on the Council, as grew up under the League of Nations and that this would restrict each Dominion to election to a seat on the Council every eighth year.

9. Evatt expressed the opinion that Britain would support either Persia or Egypt for election to the Council in preference to unit of the Commonwealth, other than Canada, for reasons not of world security but for maintenance of her position in the Middle East. This he looks upon as an unfair basis for support.

10. He did not ask for any commitment and I gave none. I told him I would be happy to convey his representations. Doctor Evatt added that he had discussed the matter on a quite informal basis with Mr. Pearson.

400.

DEA/211-C

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

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

TELEGRAM 117

London, January 12, 1946

IMMEDIATE. SECRET. ASDEL No. 9. Following from Wrong, Begins:

1. You have doubtless received through the press the results of the elections to the Security Council. Voting on the first ballot (with 50 valid ballots) gave Brazil 47, Mexico and Egypt 45, Poland 39, Netherlands 37, Canada 33, Australia 28, with the remaining votes scattered among 11 States, none receiving more than 6. This meant that 11 delegations voted for both Canada and Australia. We would have secured the required 34 votes if one delegate had not spoiled his ballot by signing it, since he had voted for Canada. Under the rules, a vote between the two leading candidates for the sixth seat then took place. Australia secured 27 votes and Canada 23. Since Australia lacked the required majority, a further vote was held which gave Australia 28 votes and Canada 23. We then retired from the contest after a graceful speech from Mr. St. Laurent.

2. The election of Canada was supported by the five permanent members of the Security Council, Canada and Brazil being the only countries to appear on the original slates of them all. Our defeat was due to the unwillingness of Australia to withdraw, their grounds being the necessity of achieving equitable geographical distribution of the elected seats (our prospective membership of the Atomic Commission also seems to have had some effect). The Prime Minister of New Zealand this morning, before the first ballot was taken, succeeded in making two speeches in support of the election of Australia; this probably helped to swing over some smaller Latin American States and the Arab group, both of whom are most anxious to base all elections on regional considerations in order to ensure their own representation.

3. It is probably difficult to understand the result without feeling the prevailing atmosphere in the Assembly. The election of Mexico on the first ballot

was undoubtedly responsible for the preference given to Australia on the second ballot because of objection to the presence on the Security Council at the same time of three North American countries.

4. On a vote for the two-year term, Brazil and Australia were first elected and later Poland defeated Netherlands by lot after a tied vote. While there might be a remote possibility of our replacing Mexico at the next elections, it seems more likely that we shall have to await the end of the Australian term.

5. It was, indeed, clear from our discussions with other delegations that if we had not withdrawn, we should eventually have been defeated in further balloting. Given these circumstances, the effect of our withdrawal was undoubtedly favourable. It helped to secure our election to the Economic and Social Council with 46 votes. The balloting for terms on this Council will take place on Monday morning.

6. I shall telegraph separately, tomorrow, about the elections to the Economic and Social Council and the position concerning the choice of the Secretary-General. Ends.

401.

DEA/211-C

*Le représentant, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Representative, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

SECRET

London, January 13, 1946

Dear Mr. Robertson,

The results of the elections to the Security Council were, I know, a shock to you all in Ottawa. I sent a telegram last night giving a summary explanation and there really is not a great deal more to say. The permanent members had agreed at meetings between themselves on their slate except on the allocation of the two-year term between Poland and The Netherlands. Their slate was elected easily except for the substitution of Australia for Canada.

As I mentioned in my telegram, when the Big Five got together here Canada and Brazil were the only two countries which appeared on the lists submitted by all of them. They all undoubtedly voted for us on the first ballot and we have been told that the United Kingdom, the Soviet Union and the United States continued to vote for us in the separate contest with Australia. I am fairly certain that the French also did so but I do not know what the Chinese did.

There were two unpleasant meetings last week of the Commonwealth countries in Lord Addison's office which Messrs. St. Laurent and Massey and I attended. Colonel Hodgson who is temporarily heading the Australian Delegation told us that he had the most explicit instructions to push for Australian

election. He was supported at great length by Mr. Fraser. While I think that it was unsound to base their claim on the necessity of representing the Southwest Pacific area—a claim which would really require the continuous presence on the Council of either Australia or New Zealand—there was certainly no desire on their part to keep Canada off the Council. They felt quite rightly that the criterion of contribution to the maintenance of peace and security justified the election of both countries. They concentrated their pressure on trying to get us to withdraw from the contest for the Economic and Social Council in order to clear the way for the election of New Zealand.

It was however apparent from the intense lobbying that was going on that there was no chance of electing more than one member of the Commonwealth to the Security Council and not more than four including the United Kingdom to the Economic and Social Council. When this became clear I sent a warning telegram to Ottawa last Thursday evening. The prevailing view is most definitely that election to the Security Council disqualifies the state concerned for simultaneous membership in the Economic and Social Council. Indeed The Netherlands and Australia withdrew from the contest for the latter Council immediately after the election to the Security Council.

We thought, however, that in spite of Australia's candidature we would just pull through in the elections. In fact we secured the required two-thirds vote of 34 on the first ballot, but the Nicaraguan delegate spoiled his ballot by signing his name and it was properly rejected under the rules. The rules then require a separate vote between the two highest contenders and that meant this unpleasant business of a contest between Canada and Australia. Before the first ballot, in the course of a discussion on nominations which had been raised by Mr. Manuilsky, Mr. Fraser found the occasion twice to speak in the Assembly in favour of Australia on the ground of equitable geographical distribution of the seats. This probably helped Australia a little on the first ballot but its major effect came later when the delegations had to choose between Canada and Australia. By this time, of course, Mexico had been safely elected, and especially the smaller states anxious to cling to regional grouping were unwilling to support Canada against another good candidate from outside North America.

I still thought that we would be chosen and the British and Americans both said that they were sure of the outcome. Mr. de Freitas-Valle, who is the unofficial whip of the Latin American group, told me that we could count on the support of his group but he was clearly wrong in this.

When the second ballot was taken, Australia secured 27 votes to our 23. We then adjourned for lunch and some of us did a little further lobbying. I think we picked up a few votes but we lost just as many, as the third ballot gave 28 for Australia while we remained at 23.

At this stage, with the contest between these two countries, there were undoubtedly some good reasons for preferring Australia to Canada and it was clear from our private discussions that if we did not withdraw at this

point, more votes would have shifted to Australia. Mr. St. Laurent therefore went to the rostrum and gracefully withdrew. A final ballot had to be taken under the rules and it gave 46 votes for Australia to 3 unknowns who persisted in voting for Canada.

The Security Council is to meet on Monday and will doubtless soon begin to discuss the question of the Secretary-General. I have just explained the position to you on the telephone as your call came through when I was dictating this letter.

For purposes of record, I should state that the Canadian Delegation voted for Brazil, Canada, Egypt, Mexico, The Netherlands and Poland on the first ballot. When it came to the choice of those who would serve a two-year term we supported Brazil, The Netherlands and Poland. The great powers, however, had agreed to support us for a two-year term and this word had gone around the delegations, many of which after our defeat gave their support to Australia. There was a long contest between The Netherlands and Poland ending in a tie vote which was resolved under the rules by the chairman drawing lots, Poland was the winner. We supported Poland because we felt that Belgium was an obviously satisfactory successor at the end of one year to The Netherlands.

Yours sincerely,

H. H. WRONG

402.

CH/Vol. 2103

*Mémorandum du représentant, la délégation à l'Assemblée générale  
des Nations Unies*

*Memorandum by representative, Delegation to the General Assembly  
of the United Nations*

[London,] January 13, 1946

CANADIAN VOTES FOR THE ECONOMIC AND SOCIAL COUNCIL

We supported on the first ballot all those which were elected except Cuba and Lebanon. We voted for Uruguay in place of Cuba and for Turkey in place of Lebanon. When the contest was narrowed to New Zealand and Yugoslavia for the eighteenth seat we continued to give our support to New Zealand on each of the separate ballots.

Our slate for the 3 year term was Canada, China, France, Peru (chosen) and Norway and Czechoslovakia (not chosen). We then supported these two and U.S.S.R., U.K., India and Colombia for the two year term. Cuba was chosen in place of Colombia.

H. W[RONG]

403.

DEA/5475-B-40

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

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

TELEGRAM 130

London, January 14, 1946

SECRET. ASDEL No. 12. Following from Wrong, Begins: My telegram ASDEL No. 10,† Economic and Social Council.

1. This morning we were safely chosen for a three year term together with China, Chile, Peru, France and Belgium. The two year terms went to the Soviet Union, United Kingdom, India, Norway, Czechoslovakia and Cuba. This left for the one year terms Greece, Yugoslavia, Ukraine, Lebanon, Colombia and the United States which will, of course, be re-elected by the next Assembly.

2. The deadlock between New Zealand and Yugoslavia for the 18th seat was resolved by the withdrawal of New Zealand. Mr. Fraser is understood to have received pledges of support for a full term for his country at the next election.

3. We are making enquiries about the nature of the representation which the leading countries contemplate on the Economic and Social Council, and shall telegraph later about our own position. We assume that we should have a Ministerial representative at the opening meetings. As the first session is likely to continue for some time, we shall have to make supplementary arrangements. Ends.

404.

DEA/211-C

*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*

Washington, January 23, 1946

Dear Norman [Robertson],

Hume's<sup>1</sup> very interesting letter of January 13th to you on the elections to the Security Council prompts one or two observations on my part.

I was surprised to note in the last paragraph of his letter that we had not supported Australia for the Council on the first ballot. I can understand the reasons against giving such support (if we wished to get on ourselves), but I was of the impression that we had promised it.

<sup>1</sup> Hume Wrong.

The implications of the argument for geographical representation, an argument which Australia and New Zealand seem to have emphasized in London as much as they did in San Francisco, are important for us. If this argument is accepted, it leaves us in a difficult position. What regional grouping would include us? If North and Central America, we would take our turn for election among the six or seven small Central American States. If we are not in that group, we are presumably in no group, because the acceptance of the Australian-New Zealand argument would end the British Commonwealth group; something which may or may not be constitutionally desirable, but which, from the practical point of view of Canadian representation, has real disadvantages for us.

Our functional principle seems to have been thrown out of the window in London. In elections to the Security Council it has been subordinated to the geographical principle, while the acceptance of the view that election to the Security Council disqualifies a state for membership in the Economic and Social Council prevents, in large measure, its application to that latter body. In this connection it is interesting to note that in London these two ideas clashed. Though the geographical principle was accepted in large part by the election of Australia to the Security Council, it was rejected almost at once in elections to the Economic and Social Council, which were decided in part on the basis of the other idea that no state could be elected to both bodies.

I am afraid that the election pattern which is developing in UNO, in spite of our efforts at San Francisco and all our speeches on functional representation, will not be any better than that which prevailed in Geneva in the old days.

Yours sincerely,

MIKE [PEARSON]

405.

DEA/211-C

*Le haut commissaire en Nouvelle-Zélande au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in New Zealand to Under-Secretary of State  
for External Affairs*

Wellington, January 23, 1946

Dear Mr. Robertson,

I greatly appreciate the information which you so kindly let me have concerning the recent voting at the Assembly of the United Nations. It was naturally a great disappointment to me that Canada should have lost out to Australia in the election to the Security Council. Canada's claim to middle power status and election to be based upon the functional principle might appear all right in theory at a time when she was an important factor in winning the war, but I was apprehensive of such claims being recognized in

connection with election to the organs of the United Nations once our enemies had surrendered. In the case of UNRRA and one or two other commissions or organizations where Canadian contributions are essential for their success, the enunciation of the functional principle might assist in Canada's election, but I am very doubtful if it will help in any competitive election to the organs of the United Nations.

It was because of my fear that we were assuming on recognition which, while fully justified, would not be forthcoming, that I submitted my plan based on dividing the nations into categories for the purpose of the election of non-permanent members to the Security Council. It is probable that the Government either did not think the adoption of such a plan necessary or even feasible.

At San Francisco, unfortunately, Canada's place as regards elections to the Security Council was greatly weakened by the incorporation of the principle of "equitable geographical distribution" in Article 23, Section 1. It was probably difficult to foresee that with the United States an active member in the United Nations, "equitable geographical distribution" would place Canada, if anything, in an inferior position to that which we occupied as regards selection to the Council of the League of Nations. My experience at Geneva taught me that when the United States is represented on an international body, Canada's geographical situation for purposes of election to that body has a negative value, and that it is only when the United States is not a member that Canada's geographical situation has real importance.

It would appear that there is a very definite danger that the Commonwealth system of election to the Council of the League will be accepted by the United Nations in elections to the Security Council. This would mean that Canada will be in a less favourable position, in spite of her claims as regards election to the Security Council, than she was as regards election to the Council of the League. You will recall that in 1927 we were the first British Commonwealth country to be elected to the Council, and the system that the Dominions would each be elected to the Council in turn soon became established. The result was that Canada could only hope to be elected every 5th term. Eire, once she becomes a member of the United Nations, will very likely claim the right of election under the British Commonwealth scheme; as you will recall, her experience running as an independent country in 1926 for a seat on the Council proved a failure, as she received only 10 votes. Unless the Government should be content with this situation, Canada under these circumstances could not hope for anything more favourable from the United Nations than she had in the League. It would seem to me that Canada should announce early her candidature for the Mexican seat, on the basis of an important North American Country which had made a great contribution to the war, and is making a substantial contribution to world reconstruction.

Yours sincerely,

W. A. RIDDELL

406.

DEA/211-C

*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*

Washington, February 12, 1946

Dear Mr. Robertson,

I was interested to receive a copy of Dr. Riddell's letter to you dated January 23rd, and which concerned the election of non-permanent members to the Security Council. Dr. Riddell has touched on a difficulty to which I have already alluded; namely, Canada's position if members of the United Nations for purposes of election are divided into geographical blocs. In view of the fact that some bloc system is undoubtedly going to be adopted in spite of all efforts which may be made to the contrary, the alternative for us seems to be participation in a Commonwealth or a North and Central American grouping. One difficulty in the way of the former may be Australia and New Zealand's desire for representation of the South Pacific area. If this principle is accepted, then the British Commonwealth grouping disappears. Because of that possibility, we should, as Dr. Riddell suggests, consider whether we could replace Mexico on the Security Council. Possibly we might be able to establish a rotation between Canada, Mexico and the other Central American states taken together. There are two difficulties in this regard; one, we would be associating ourselves with a Latin American grouping which the Latin Americans, themselves and possibly others, might not desire; two, the smaller Central American republics might not like to be lumped together in a way which would weaken their boasted sovereign equality. Another danger is that, if our efforts to attach ourselves for purposes of election to a grouping of this kind should fail, it would be difficult for us later to return to a British Commonwealth grouping. As a result we might find ourselves without any affiliation and forced to rely entirely on our own claims for election on functional and national grounds to the Security Council and other such United Nations' agencies. In that case I am afraid we would be elected only on very rare occasions as apparently such claims are not going to loom very large as a qualification for election.

I think we should begin to give this whole matter very careful consideration. It may require informal approaches to the United States and Mexican governments and also to the other governments of the Commonwealth. There is, of course, no hurry in the matter, but we should know where we stand before it is too late to do anything to influence that standing.

Yours sincerely,

L. B. PEARSON

407.

DEA/211-C

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire  
en Nouvelle-Zélande*

*Under-Secretary of State for External Affairs to High Commissioner  
in New Zealand*

Ottawa, February 26, 1946

Dear Dr. Riddell,

Many thanks for your letter of January 23rd on Canada's chance of being elected to the Security Council.

I agree with you that the reference in Article 23 of the Charter to equitable geographical distribution weakens our claim to election to a Council on which the United States has a permanent seat. However, the demand at San Francisco for the inclusion of a reference to this criterion was irresistible. The most we could do, and that only after strenuous efforts, was to have the geographical criterion made subordinate to the functional.

While Article 23 gives rise to a moral obligation on the part of the Members of the United Nations, this obligation is not enforceable and experience at the General Assembly in London has demonstrated that the two factors which are in actual fact paramount in the minds of most of the delegations, especially those of the smaller countries, when they are making up their minds on elections to the Councils, are equitable geographical distribution and the sharing of the honours. The latter consideration was so firmly established in London that no state (other than one of the Big Five) was elected to the Economic and Social Council if it had already been elected to the Security Council.

Perhaps in course of time it will be possible to get the Assembly to agree to certain fairly precise formulae for measuring the extent of the "contribution of Members of the United Nations to the maintenance of international peace and security and to the other purposes of the Organization". It is, however, impossible to work out a formula until the Organization has been at work for some time.

We should certainly, as you suggest, try our best to prevent a situation from developing in which the other Members of the United Nations tacitly agree that only one non-permanent seat can go to a Commonwealth country.

There is much to be said for your view that Canada should stand for election to the Council in September of this year, in order to make our position clear. I would not, however, agree with you that we should soon announce our candidature for the Mexican seat since this would arouse the opposition of all the Latin American Republics which insist that two of them should always be on the Council.

Yours sincerely,

[N. A. ROBERTSON]

408.

DEA/211-C

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures  
au Premier ministre par intérim*

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

CONFIDENTIAL

Ottawa, August 7, 1946

You may be interested in learning how the provision inserted under pressure from us in Article 23 of the Charter appears to be being carried out in practice. This provision required that due regard should be paid, in electing non-permanent members of the Security Council, to their contribution to the maintenance of peace and other purposes of the Organisation, and so on. We have already been lobbied by Colombia for our support for their election to the Council in September in place of Mexico, and now the Syrian Representative in Washington has approached our Embassy to ask our support for Syria in succession to Egypt. We are thus clearly slipping into a geographical basis of rotation, and I doubt that there is anything we can do to stop it. If we were to stand for the Council ourselves—and I am not recommending that we should do so—we would be regarded as seeking succession to Mexico and would doubtless fail of election.

H. W[RONG]

409.

DEA/5475-CX-1-40

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

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

TELEGRAM 1570

Ottawa, August 30, 1946

SECRET. Reference Dominions Office telegram D. 800 of August 28th.†

Foreign Office might be interested to know that both Syria and Colombia have sought our support for election to the Security Council, and that Turkey has approached us concerning election to the Economic and Social Council. They have all been answered in terms similar to those used by the United Kingdom to Syria.

2. Our preliminary views on the elections to the Councils, which have not yet received Ministerial consideration, are as follows:

3. *Security Council*

It is very unlikely that Canada will be a candidate this year in spite of our strong claim to early election. We are, therefore, inclined to support Colombia to succeed Mexico and Belgium, if a candidate, to succeed The Netherlands. Syria's claim to election rests wholly on geographical grounds and cannot be justified by the principal criterion in Article 23. If a Middle Eastern state is to

be chosen we should prefer Turkey but we do not believe that that region must always be represented on the Council.

#### 4. *Economic and Social Council*

The United States should obviously be re-elected and we would support New Zealand. One Middle Eastern state (preferably Turkey, if not a candidate for the Security Council) might succeed Lebanon, and Mexico or Uruguay might succeed Colombia. We think the other two places should be filled from Eastern and Western Europe, possibly by the re-election of Yugoslavia and by the choice of one of The Netherlands, Denmark or Sweden.

5. Would you discuss the contents of this telegram informally with the Foreign Office and let us have their comments.

410.

DEA/5475-CX-1-40

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

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

TELEGRAM 1652

Ottawa, September 13, 1946

SECRET. Your telegram No. 1823 of September 3.<sup>1</sup> United Nations elections.

2. Mexico has approached us concerning its election to the Economic and Social Council and we have given the usual reply.

3. We are concerned to learn that the trend of thought of the officials concerned in the United Kingdom seems to be towards the conclusion that states should not be re-elected to the Economic and Social Council with the exception of great powers.

4. In our opinion the discussions in committee at the San Francisco Conference demonstrated a general belief that if the Council were to discharge its duties effectively it would be necessary to have the states of major economic importance represented on it and this belief was reflected in the provision that retiring members should be eligible for immediate re-election.

5. The fact that five states have been accorded permanent membership on the Security Council is not in our view relevant to this issue. We should hope that over half the membership of the Economic and Social Council would always be drawn from the dozen or so states of chief economic importance, some of which would be steadily re-elected.

6. A recent appraisal of the relative economic importance of states is given in the United Kingdom suggestions for weighted voting in the International Trade Organizations suggested in DO telegram circular D.833 of September 7.† This scale puts the eight principal states in the following order: U.S.A., U.K., U.S.S.R., India, France, Netherlands, Canada, China.

7. Please discuss this telegram informally with the Foreign Office.

<sup>1</sup> Non trouvé.

<sup>†</sup> Not located.

411.

DEA/5475-CX-1-40

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

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

TELEGRAM EX-2175

Ottawa, September 13, 1946

SECRET. Elections by the Assembly to the Security Council and the Economic and Social Council.

2. The State Department might be interested to know that both Syria and Colombia have sought our support for election to the Security Council and that Turkey and Mexico have approached us concerning election to the Economic and Social Council. In our replies we have not gone beyond saying that we shall give their candidatures our sympathetic consideration.

3. Our preliminary views on the elections to the Councils, which have not yet received ministerial consideration, are as follows:

4. *Security Council.* It is very unlikely that Canada will be a candidate this year in spite of our strong claim to early election. We are, therefore, inclined to support Colombia to succeed Mexico and Belgium, if a candidate, to succeed The Netherlands. Syria's claim to election rests wholly on geographical grounds and cannot be justified by the principal criterion in Article 23. If a Middle Eastern state is to be chosen we should prefer Turkey but we do not believe that that region must always be represented on the Council.

5. *Economic and Social Council.* The United States should obviously be re-elected and we would support New Zealand. One Middle Eastern state (preferably Turkey, if not a candidate for the Security Council) might succeed Lebanon, and Mexico or Uruguay might succeed Colombia. We think the other two places should be filled from Eastern and Western Europe, possibly by the re-election of Yugoslavia and by the choice of one of The Netherlands, Denmark or Sweden.

6. We consider it important that the Assembly should establish as soon as possible the precedent that states of major economic importance should be immediately re-elected to the Economic and Social Council.

7. In our opinion the discussions in committee at the San Francisco Conference demonstrated a general belief that if the Council were to discharge its duties effectively it would be necessary to have the states of major economic importance represented on it and this belief was reflected in the provision that retiring members should be eligible for immediate re-election.

8. The fact that five states have been accorded permanent membership on the Security Council is not in our view relevant to this issue. We should hope that over half the membership of the Economic and Social Council would always be drawn from the dozen or so states of chief economic importance, some of which would be steadily re-elected.

9. Clearly the United States, the United Kingdom and the U.S.S.R. are the three leading states in economic importance. However, India, The Nether-

lands and Canada are probably as important, or more important, economically than France or China.

10. Would you discuss the contents of this telegram informally with the State Department and let us have their comments.

412.

DEA/5475-CX-1-40

*Mémorandum du chef, la deuxième direction politique,  
au secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Second Political Division,  
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa,] September 16, 1946

## ELECTIONS TO THE SECURITY COUNCIL

1. At present the six non-permanent members of the Security Council are:

For two-year term: Australia

Brazil

Poland

For one-year term: Egypt

Mexico

Netherlands.

2. The United Nations Assembly in October will elect successors to Egypt, Mexico and The Netherlands. These states are not eligible for immediate re-election.

3. The Latin American Republics appear to have agreed on Colombia. The Arab states (Egypt, Syria, Lebanon, Saudi-Arabia, and Iraq) have agreed on Syria and have secured the concurrence of Turkey and Iran. It is widely expected that Belgium will be the candidate of the Western European states for the succession to the seat of The Netherlands though there may be strong opposition to a state being a member at the same time of both the Economic and Social Council and the Security Council.

4. According to the Charter (Article 23:1), the primary consideration to be taken into account by the Assembly in elections to the Security Council is "the contribution of Members of the United Nations to the maintenance of international peace and security and to the other purposes of the Organization". The secondary consideration is "equitable geographical distribution".

5. In fact, however, at the elections in London in January scant attention was paid to the principle of functionalism and the two governing principles were the sharing of honours and equitable geographical distribution. The first principle means that a state (other than one of the Big Five) should not be a member at the same time of both the Security Council and the Economic and Social Council. The second principle means that various groups of states are each entitled not only to a seat on the Security Council but to agree among

themselves on which of them should have the seat. Of the six non-permanent seats five, in the minds of the adherents of these principles, are divided as follows:

- Western Europe (1)
- The Soviet zone of Europe (1)
- Latin America (2)
- Middle East (1)

The sixth seat was at London given to Australia and it is debatable whether this seat is considered as belonging to the British Commonwealth or to the area lying south of China and the Arab states and including the whole of Africa.

6. Regionalism, combined with the rotation of seats among the states members of the regional groups, will produce a weak Security Council. It has already resulted in Syria being chosen as the Middle Eastern candidate. Two years from now it may result in Colombia and Cuba being the Latin American members of the Security Council. These three states have little military or economic force to contribute to the preservation of peace. Their election cannot be justified under the terms of Article 23 of the Charter.

7. The present system also means that the non-permanent members of the Security Council are not in fact being elected by the Assembly but that the Assembly is merely ratifying the decisions of regional groups. Not all states are members of any recognized regional group and some states which might be useful members of the Security Council will, as a result, be disqualified from membership in the Council.

8. From Canada's point of view the situation is especially serious. Since the United States is always on the Security Council, Canada can make no claim for membership on the basis of equitable geographical distribution. Canada belongs, moreover, to no organized regional group. If Latin America always has two seats on the Security Council, Western Europe one seat, Eastern Europe one seat, and the Arab bloc one seat—only one seat is left over for Canada, Australia, New Zealand, South Africa and India and for the other states which do not belong to one of the four regions. The argument will be made that that seat should go to a representative of the vast area lying south of China and of the Arab states and including the whole of Africa.

9. The United Kingdom Government has not yet decided which states it should support for election to the Security Council. We have learned, however, that the officials concerned are in favour of supporting Colombia and Belgium. The support of Belgium is conditional upon there not being a strong move to prevent a country from being a member of both Councils at the same time. The officials are inclined to accept the inevitability of a Middle Eastern representative. Iraq was their first choice but they have been informed that neither Iraq nor Turkey wishes to be a candidate. They have therefore decided to support Syria as Syria seems to be the chosen candidate of the other Arab states.

10. It is inevitable, in view of the large Latin American vote in the Assembly, that the Latin American republics can successfully insist on the election of a respectable Latin American state at each annual election. Colombia is respectable and there would be no point in opposing its election.

11. We would be serving neither our own immediate interests nor the interests of the United Nations if we were to give support to the view that membership in one Council disqualifies a state, other than one of the Big Five, from membership in the other Council. This would mean that Canada would be ineligible for membership in the Security Council until its term on the Economic and Social Council expires in January 1949 (i.e., Canada could not be elected until September 1948). By limiting the choice of candidates for the Councils it would weaken the Councils since they can do their most effective work only if they contain the states which have the greatest contribution to make to the solution of the problems with which they are dealing. Canada should therefore be prepared to oppose any movement which may develop in the Assembly to disqualify Belgium from membership on the Security Council because of its membership on the Economic and Social Council.

12. Syria, next to the Lebanon, is the weakest candidate which the Arab states could put up for membership on the Security Council. It is weak not only in military power but in the calibre of the representatives it sends to international meetings. A Syrian representative on the Security Council will help to impair further the already badly impaired prestige of the Security Council. Thus the present would be a propitious occasion on which to oppose the principle that the Middle East has not only a right to be permanently represented on the Council but a right to be represented by whichever Middle Eastern state it designates.

13. Canada might therefore take the line that, since no Middle Eastern state which fulfills the first criterion of Article 23 is a candidate for the Security Council, Canada does not intend to vote for a Middle Eastern state.

14. It might be useful if we were to indicate our willingness to support India's election to the Council if India wishes to be a candidate. India is potentially the strongest state in Asia outside of the Soviet Union and China. It now controls its own foreign policy. The new government needs first-hand experience in the difficulties of dealing with the Soviet Union and the process of its education might be speeded up if it were a member of the Security Council.

15. The other possibility is that Canada, itself, might stand for the Security Council.

16. One argument against our standing is that our chances of election are not good. However they are perhaps not much worse this year than next, since in 1947 the argument may be advanced that Australia's seat should go to a representative of the vast area lying south of China and of the Arab states and including the whole of Africa (i.e., to New Zealand, South Africa or India). Moreover, Syria is a weak opponent and a number of the Latin American republics might prefer Canada to Syria especially since Colombia

is so sure of being elected that the Latin American republics will not need to make a deal with the Middle Eastern bloc to guarantee Colombia's election. With Mexico off the Council the geographical argument against Canada is less strong than it was in January of this year when the election of Canada would have given North America three seats on the Council.

17. Another argument against Canada standing for the Council is that we are not anxious to add to our already difficult problems of representation by having to find a representative to a body which is showing itself impotent to discharge its functions. However, though we might not be able to make a very effective contribution to the work of the Security Council, we could certainly make a greater contribution than Syria and by keeping Syria off we would be helping to stem the decline in the effectiveness of the Council.

18. One of the main arguments for our standing for the Council (even if we expect to be defeated) is that by so doing we would make clear our opposition to the acceptance of four undesirable conventions:

(1) The convention that the Assembly can properly disregard in elections to the Security Council the principle of functionalism set forth in Article 23 of the Charter;

(2) The convention that a state is ineligible for election to the Security Council if it is already a member of the Economic and Social Council;

(3) The convention that a number of regions of the world have a right to be represented on the Council by a state designated by them no matter what the qualifications of that state may be;

(4) The convention that only one member of the British Commonwealth, apart from the United Kingdom, should sit on the Security Council.

19. If we wait until September 1947 to stand for the Security Council and are elected, this would be regarded as confirming the fourth convention. If we admit this doctrine, we shall have either to be content with sitting for not more than two years out of every ten or to contest the right of New Zealand and South Africa to sit on the ground of the relative smallness of their contribution to the maintenance of international peace and security and maintain that the "Commonwealth seat" should rotate between Australia, Canada and India.<sup>1</sup>

<sup>1</sup> La note suivante était écrite sur ce memorandum:

Mr. Reid

Before I received this, Mr. St. Laurent had brought up the question of our standing and expressed his firm opposition. There is no likelihood that he will change his views and I cannot myself recommend that we should stand. I should not like us to be twice defeated, that would be the probable outcome, and I think a defeat would strengthen the convention to which you rightly object. Nor should I like to see us elected in present conditions. I therefore think we are well out of it. As the Council doesn't operate under the present system, but has not had time to show its impotence conclusively, our chance may come later—or alternatively we may attend the funeral as spectator.

<sup>1</sup> The following note was written on the memorandum:

H. W[RONG]

413.

DEA/5475-N-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-2229

Ottawa, September 23, 1946

CONFIDENTIAL. Your WA-3399 of September 17†. Elections by the Assembly to the three Councils.

1. Security Council. We note your reference to Lebanon as being the choice of the Arab group. We had been informed that the Arab group had decided on Syria. Could you check whether the State Department officials you saw may have made a slip?

2. The next time you are discussing the matter with the State Department, you might try to get some further elucidation of their opinion that the pattern of geographical representation set in the present Security Council is a good one. You might, for instance, ask them whether they think that North America should be represented by two states on the Security Council in view of the fact that the original Council had on it Mexico and United States. Do they regard Mexico as Latin American or North American? What pattern of geographical representation does Australia fit into? Is it the geographical area which lies south of China and of the Arab states and includes the whole of Africa? Are they prepared to accept any nominee put forward by a regional group? Or are they concerned about the possibility that the Latin American states may follow the principle of rotation until finally the smallest Latin American states might reach their turn. In what region does Canada come? Their slate appears to give little weight (except for Belgium) to the criterion of contribution included in Article 23.

3. We are glad to note that their preliminary slate for the Security Council has Belgium down as successor to The Netherlands, since this demonstrates that the United States is prepared to oppose the dangerous view that a state, other than one of the Big Five, may not sit at the same time on the Security Council and the Economic and Social Council.

4. Trusteeship Council. Some tentative views on the composition of the Trusteeship Council were set forth in paragraphs 25 to 29 of the memorandum on Non-Self-Governing Territories and Trusteeship which is included in Section 1 of Chapter V of the draft commentary (now in course of revision) prepared for the Canadian delegation to the Assembly, copy of which has been sent to you.

5. Since this memorandum was prepared we have given some further consideration to the recommendation of the Executive Committee of the Preparatory Commission that The Netherlands would be a useful member of the Trusteeship Council. The advantage of membership by The Netherlands during the first three years is that they would be able to bring the experience of the Mandates Commission of the League to bear on questions which will

come up during the period of organization of the Trusteeship Council. Baron van Asbeck was a most useful member of the Trusteeship committees in London. On the other hand, the situation in the Netherlands Indies may make it desirable to support another Western European state in place of The Netherlands. In that case we should be inclined to prefer Denmark or Sweden, either as a substitute for The Netherlands or as a second Western European state if the choice of two such states proves feasible.

6. We are interested to note that the preliminary slate of the State Department does not include a Latin American republic. We had assumed that the Latin American republics would demand a seat on the Trusteeship Council. Perhaps the State Department has received indications that the Latin American republics are not interested in one of their number being elected to that Council.

7. It might be useful to have on the Council a representative of a people recently accorded independence, and Egypt, the Philippines or Iraq would come in this category. However, the Philippine representatives at the London meetings were not of a calibre to lead us to welcome Philippine representation on an important body such as the Trusteeship Council, and if it were a choice between the Philippines and Brazil we feel that Brazil would be a more adequate member. As between the Philippines, Egypt and Iraq, we would prefer Egypt or Iraq to the Philippines. India is another possibility, and you might sound out the State Department on this; there will be, however, a large representation of British Commonwealth countries on the Trusteeship Council in any event; and we should not like to see India defeated in an election so soon after the inauguration of the Interim Government.

8. Please make it clear in any discussions that the views expressed above and in our EX-2175 are tentative and have not yet been considered by Ministers here.

414.

CH/Vol. 2106

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

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

TELEGRAM 2063

London, October 15, 1946

CONFIDENTIAL. Reference our Telegram No. 2057 of October 14th.†

1. United Kingdom Cabinet have concluded that their Delegation should be instructed to support India's candidature for the Security Council. In advising the Indian Government of this decision, they are making it plain that they would not do so if they felt that India's election in place of Egypt would in any way prejudice the prospect of Canada's election at the next ensuing Assembly. In promising their support to India at the forthcoming election,

they are asking the Indian Government, if defeated this time, to agree not to put their candidature forward next year, but to let it stand over for two years, as Canada did when defeated at the First Assembly.

2. My own view is that the election of India on this occasion will not prejudice our chances of election when Australia's term expires, but that if India is an unsuccessful candidate this year and is determined to stand again next year, we might probably have to face a repetition of the results of the voting in the First Assembly. I should not be surprised if Nehru were to reply that he could not give any assurance at this time as to what the policy of the Government of India would be in the matter next year. In this event, I should think our best course would be to do everything we can to see that India is elected to the Security Council at this Assembly, so that she will not be a candidate to confuse our own chances of election next year.

415.

DEA/5475-CX-1-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
à la deuxième direction politique<sup>1</sup>*

*Memorandum from Under-Secretary of State for External Affairs  
to Second Political Division<sup>1</sup>*

[Ottawa,] October 22, 1946

Regarding the attached memorandum on elections to the Council, I am not too happy about the situation in respect of the Security Council. I do not see how the Indian candidature can do anything but hurt Canada's chances in 1948, whether India is successful or unsuccessful on this occasion. If the former, it seems to me that it will be more difficult for Canada to replace Australia next year, because for a year there will already have been two Commonwealth members. If the latter, India may well repeat her candidature next year, with harmful results for us. The memorandum states that India is being supported by the United Kingdom as a replacement for Egypt. Circular D.960 of October 21st† from London however, states in paragraph 4 that India is being supported as a successor to The Netherlands. This seems to me to be entirely wrong. Has a copy of this Circular D.960 gone to our people in New York?

In the light of the above, you might wish to reconsider the section of your memorandum dealing with the Security Council.<sup>2</sup>

L. B. PEARSON

<sup>1</sup> À R. G. Riddell.

<sup>1</sup> To R. G. Riddell.

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

<sup>2</sup> The following note was written on the memorandum:

Telegram drafted for Delegation leaving decisions on policy to them. R. G. RIDDELL  
October 26.

## [PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du secrétaire d'État aux Affaires extérieures à la délégation à l'Assemblée générale des Nations Unies<sup>1</sup>**Memorandum from Secretary of State for External Affairs to Delegation to the General Assembly of the United Nations<sup>1</sup>*

CONFIDENTIAL

[n. d. 1946]

SUBJECT: ELECTIONS TO THE COUNCILS

(Supplement to Chapter I of the Commentary.<sup>2</sup>)

1. A copy of the memorandum on elections by the General Assembly to the three Councils of the United Nations was forwarded to the High Commissioner for Canada in the United Kingdom. On the basis of this memorandum discussions were held with the United Kingdom officials concerned and the following is a summary of their views as received in telegrams up to October 15.

2. Although the United Kingdom officials are in sympathy with the principles Canada wishes to defend on the general questions of elections to the Councils, they do not believe the United Kingdom Government would be prepared to make a strong stand in the Assembly if most members think otherwise.

## SECURITY COUNCIL

3. The United Kingdom delegation on the decision of the Cabinet has been instructed to support the candidature of India for the Security Council. In promising this support to India at the forthcoming election the United Kingdom is asking the Indian Government if defeated at this time to agree not to put their candidature forward next year but to let it stand for two years in order not to prejudice the prospect of Canada's election at the following Assembly.

4. It may well be that the Indian Government will reply that no assurances can be given at this time as to what policy will be adopted in the matter next year. It would therefore appear to be in the Canadian interest to do everything possible to see that India is elected to the Security Council at this Assembly. She would then not be a candidate to confuse Canada's chances of election next year. Moreover, from the functional point of view, India would be very much more desirable than a Middle Eastern state (reference page 16 of the Commentary).

## ECONOMIC AND SOCIAL COUNCIL

5. Argentina has asked for United Kingdom support for election to the Economic and Social Council and the Board of Trade and Foreign Office, who

<sup>1</sup> Ce mémorandum n'a pas été envoyé à la délégation.

<sup>2</sup> Voir le document 432.

<sup>1</sup> This memorandum was not sent to the delegation.

<sup>2</sup> See Document 432.

wish to enlist Argentina in regular economic collaboration, see merit in the proposal. Because of expected United States intransigence the United Kingdom had not by October 12th decided to substitute Argentina for Uruguay. On the basis of our cherished "functional principle" it would seem that Canada could properly support Argentina in preference to Uruguay.

#### TRUSTEESHIP COUNCIL

6. If only four of the five administering authorities have concluded their trusteeship agreements by the time the election to the Trusteeship Council takes place a difficult situation may well arise since there would be only one member to be elected to the Council. The United Kingdom prefer The Netherlands but consider chances of its election hopeless against the position of the Soviet bloc and of Australia and New Zealand. Although a Scandinavian country would be highly acceptable, the United Kingdom believe that the Arab and the Latin American states will probably agree on one or two candidates. In this case, and if Yugoslavia is a candidate, the United Kingdom is apparently prepared to vote for one Latin American and one Asiatic state in order to prevent Yugoslavia's election.

7. It appears that the Arab bloc has agreed on Iraq as their candidate for the Trusteeship Council. India, however, has announced its candidature for this as well as the other two Councils.

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DEA/5475-CX-1-40

*Le consul général à New York au secrétaire d'État par intérim  
aux Affaires extérieures*

*Consul General in New York to Acting Secretary of State  
for External Affairs*

TELEGRAM 99

New York, November 4, 1946

IMMEDIATE. SECRET. ASDEL No. 67. Following for Mr. Pearson from Mr. St. Laurent, Begins: Elections to the Security Council.

1. At the delegation meeting on Saturday morning, we gave careful consideration to the observations by Mr. Claxton on Belgium's candidacy and views on India's candidacy. We felt that the Canadian delegation could not properly ignore the claims of a North-Western European State for membership in the Security Council. The possible candidates from North-Western Europe are Belgium, Norway and Denmark. Norway and Denmark would, as members of the Council, be even more inclined than Belgium to sit on the fence in disputes between the Soviet Union and the Western Powers. One advantage of electing Belgium is that it would set a precedent that a State can be a member of both Councils at the same time. Belgium is the most important producer of the raw materials for atomic fission and no system for control of these materials would be effective without participation by Belgium. It is, therefore, desirable that Belgium become a member of the Atomic Energy Commission by election to the Council.

2. We are faced with the fact that India is a candidate for the Council whether or not we support her and that India will probably be defeated this year and be a candidate again next year. Nothing we can do can stop India standing for the Council this year.

3. Assistance by the other members of the Commonwealth to India in the election this year would tend to improve relations between India and the other members of the Commonwealth. Moreover, recognition of India's importance by electing it to the Council might serve to stabilize conditions in India.

4. My recommendation to the delegation, with which the delegation concurred, was, therefore, that we support for the Security Council Colombia, Belgium and India. Ends.<sup>1</sup>

417.

CH/Vol. 2106

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

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

SECRET

Ottawa, November 12, 1946

Dear Mr. Robertson,

I am enclosing, for your information, copy of a brief note which was prepared in the Department, concerning the policy which the delegation to the Assembly is planning to follow in regard to elections to the Security Council and the Economic and Social Council. This note was originally prepared for the Prime Minister, who has given his approval to the course of action which it sets forth.

Yours sincerely,

R. G. RIDDELL  
for the Under-Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

SECRET

Ottawa, November 7, 1946

1. The question of elections to the Security Council and the Economic and Social Council will come before the General Assembly in New York in the

<sup>1</sup>M. Pearson était d'accord avec cette recommandation.

<sup>1</sup>Mr. Pearson concurred with this recommendation.

near future. The main problem involved has been the candidature of India for a seat on the Security Council. We have been particularly concerned lest India, by seeking election this year, would reduce Canada's chances of election next year, when Australia is to be replaced. We were informed by the Dominions Office on the 15th October that the United Kingdom delegation would support India as a successor to The Netherlands. In promising this support the United Kingdom asked the Indian Government, if defeated at this time, to agree not to seek election next year, in order to avoid prejudicing Canada's prospects at the next Assembly. The Government of India replied, however, that they could give no such assurances.

2. We are, therefore, faced with the fact that India is a candidate for the Council whether or not we support her and that India will probably be defeated this year and may be a candidate again next year. It is thought, however, that assistance by the other members of the Commonwealth to India in the election this year would tend to improve relations between India and the other Commonwealth countries, at this very important moment in India's relations with those countries.

3. The United Kingdom are in a difficult position in that they wish to support India but they also cannot refuse support to Syria as a candidate of the Arab group. However, the Canadian delegation in New York does not consider that the United Kingdom delegation would be very disappointed if Syria did not succeed and does not feel any obligation to support Syria as against Belgium. Belgium is the most important producer of the raw materials for atomic fission and it is therefore desirable that Belgium become a member of the Atomic Energy Commission by election to the Council.

4. In view of all these considerations, our delegation agreed to support India, as well as Belgium and Colombia for election to the Security Council. It is hoped that this course meets with your approval. It seems to me to have been the only thing to do in the circumstances.

5. With regard to the elections to the Economic and Social Council, it was agreed provisionally that support should be given to the following states; United States (for re-election), Poland, Mexico or Uruguay as the Latin American candidate, Turkey, The Netherlands, and New Zealand. The effect of the election of these states would be to reduce the number of eastern European representatives on the Economic and Social Council by one, and to increase the representatives from the British Commonwealth nations by one.

418.

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

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

TELEGRAM 1996

Ottawa, November 21, 1946

CONFIDENTIAL. Following for your information is text of tel. No. 221 of Nov. 20th from Canadian Consulate General New York to Sec[retary] of State for External Affairs, Ottawa, Begins: ASDEL No. 145. Following for Pearson from Reid, Begins: Election to Councils.

1. Only one ballot was necessary yesterday to elect three non-permanent members to the Security Council. On the first ballot, Colombia secured 51 votes out of 54, Syria 45 and Belgium 43. India was fourth with 13 votes. We voted for Colombia, Belgium and India. Norway received 4 votes, and 1 vote each was received by Canada, Cuba, Greece and Turkey. The Indians were very disappointed in the results since they had hoped to secure 25 votes on the first ballot. The small Indian vote indicates that the United Kingdom does not exert much influence in elections in the Assembly.

2. The election of Belgium to the Security Council while it is still a member of the Economic and Social Council establishes useful precedent that a State which is not one of the Big Five can be a member of both Councils simultaneously.

*Economic and Social Council*

On Monday afternoon, we were informed that Mexico and Argentine had withdrawn their candidates for the Economic and Social Council in favour of Venezuela and that Mexico in return has secured a promise of Latin American support for election to the Trusteeship Council.

4. Yesterday morning, before the first ballot on the Economic and Social Council was taken, the Polish delegate informed us that Poland had withdrawn in favour of Yugoslavia. This must clearly have been done under Soviet pressure.

5. The first ballot for the Economic and Social Council gave the following results, 54 votes being cast: United States 51. Venezuela 46. New Zealand 44. Lebanon 35. Netherlands 33. Turkey 30. Yugoslavia 27. Byelo-Russia 25. Poland 10. Argentina 5. Scattered 15. We voted for the United States, Venezuela, New Zealand, The Netherlands, Turkey and Poland. The United States, Venezuela and New Zealand were elected on the first ballot.

6. Before the second ballot was taken, Poland publicly announced that it was withdrawing in favour of Yugoslavia, but the President of the Assembly ruled the remarks out of order.

7. On the second ballot 53 votes were cast. Lebanon was elected with 41 votes and the other five candidates received: Turkey 32. Netherlands 30. Yugoslavia 27. Byelo-Russia 22. Poland 6. We voted for The Netherlands, Turkey and Poland, deliberately throwing our vote away on Poland so as not to harm the chances of the election of The Netherlands and Turkey.

8. The results of the third ballot were: Netherlands 29. Turkey 28. Byelo-Russia 25, Yugoslavia 22. We voted for The Netherlands and Byelo-Russia after having consulted with the Netherlands delegation on the tactics best calculated to ensure their success. We did not vote for Turkey since the election of Turkey on the third ballot would have made almost inevitable the election of a Slav State on the fourth ballot. We voted for Byelo-Russia, instead of Yugoslavia since we thought that Byelo-Russia was more likely to succeed, the Soviet delegation having informed us just before the vote in answer to an enquiry from us, that if both States could not be elected they would prefer Byelo-Russia on the ground that Yugoslavia had already been a member of the Council.

9. The fourth ballot gave substantially the same results as the third vote being: Turkey 29. Netherlands 28. Byelo-Russia 28. Yugoslavia 19. We voted for The Netherlands and Byelo-Russia.

10. Mr. Spaak then suggested that further voting be postponed until the next meeting of the Assembly and this suggestion was agreed to.

11. It would appear from the votes for both Councils that the alliance of the Latin American Republics, and the Arab States is working extremely smoothly.

12. Though The Netherlands are still optimistic, their chances do not appear to be good. Byelo-Russia may be elected on the fifth ballot and the sixth ballot would then be a test between Turkey and The Netherlands. If the Latin American Republics continue to deliver their votes to Turkey, as a result of the deal which they seem to have made with the Arabs to support both Turkey and Lebanon, either Turkey will be elected or a stalemate will result.

13. So far, the elections have strengthened the first, third and fourth of the undesirable conventions listed on Page 15 of our printed commentary.

14. Reston of the *New York Times* is very concerned over the way in which the elections have been operated and his article today reflects his concern. We are told that the Latin Americans deny his accusations, but their denial will not carry much conviction unless a substantial number of them vote for The Netherlands and Byelo-Russia in the next ballot. Ends.

## PARTIE 3/PART 3

PREMIÈRE SESSION DE L'ASSEMBLÉE GÉNÉRALE  
FIRST SESSION OF THE GENERAL ASSEMBLY

## SECTION A

PREMIÈRE PARTIE  
(10 JANVIER—14 FÉVRIER)FIRST PART  
(JANUARY 10—FEBRUARY 14)

419.

DEA/5475-L-1-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre**Memorandum from Under-Secretary of State for External Affairs  
to Prime Minister*

[Ottawa,] December 5, 1945

Reports received from Wilgress (especially his telegram No. 3548 of December 3rd) † show that it is necessary to give consideration at once to the composition of the Canadian delegation to the first General Assembly of the United Nations. It is virtually certain that the Assembly will open during the first week of January and perhaps on January 1st. It is expected that it will adjourn after taking the steps necessary to get the Organization into operation and reconvene in the spring.

2. The first part of the session will be a highly important international occasion—more important than seemed likely a month ago. At it there will be elected members of the Security Council, the Economic and Social Council and the Court of International Justice and also the Secretary General. It will be called upon to consider recommendations from the Preparatory Commission on a wide range of questions of organization. It will establish certain committees to develop further plans for consideration at the second part of the Assembly. In addition, it is now very likely that the Washington proposal for a special Commission on atomic questions will be brought forward at this meeting of the Assembly. Finally, President Truman has publicly stated his belief that the United Nations Organization should at once assume many of the responsibilities hitherto undertaken by the three great powers. There will doubtless be an unusual gathering of foreign ministers and other high dignitaries at the opening meeting and also a great concentration of press and radio reporters and commentators.

3. In framing our delegation we should bear in mind (1) the possibility that Canada will be elected to the Security Council and the Economic and

Social Council and that a strong delegation will increase our chances of election, (2) that Canada should certainly be represented on the special Commission on atomic questions, and (3) that Canada is likely to be asked to provide one of the important officers of the Assembly. We should also bear in mind that the Security Council, the Economic and Social Council and perhaps the special Commission on atomic questions may begin their meetings while the Assembly is still sitting and are all likely to continue meeting during the interval between the first and second parts of the Assembly's session. We should, therefore, be in a position to be adequately represented on these bodies if we are elected to them.

4. It seems very desirable that the senior delegates should be members of the Government and it would be appropriate if you and Mr. St. Laurent as the signatories of the Charter were able to attend. If three Ministers could be present, including perhaps one especially interested in the economic and social side, so much the better. In addition, I would suggest that the practice inaugurated at San Francisco and followed at the Preparatory Commission should be continued and that the Leaders or leading members of Opposition parties should be invited to accompany the delegation. If the representation of the Senate is felt to be desirable, it is likely that there would be little difficulty over the designation of a single Senator to represent that Chamber.

5. We are limited by the Charter to five delegates and it may be unwise to seek to keep the Parliamentary representation within this figure. In that event I would suggest that only the members of the Government be named as delegates and that other Parliamentarians be designated alternate delegates. I think that there should in any event be not less than two French-speaking Canadians among the delegates and alternates.

6. Among senior officials several of those who were at San Francisco are ruled out by the demands of their present positions. This would exclude Pearson, Chipman, Désy and General Pope. I assume that you will wish one of Wrong or myself to go, and I think if possible Read should go from Ottawa as well. Wilgress might be asked to stay in London for the first part of the session although he should not be away from Moscow beyond the end of January. Dupuy would, I think, be a useful addition to the delegation. A military adviser is probably not necessary at this stage although one would be desirable if we are elected to the Security Council. I should be glad to see Dean Mackenzie included in the list as I feel we shall need his advice on atomic problems among others.

7. It is essential that we should have an expert on the economic and social side and Rasminsky, who has made a fine name for himself at San Francisco, would be the most useful man. I would strongly recommend the inclusion of Ritchie who is very familiar with the problems that will come up and did valuable work at San Francisco. It is intended that Escott Reid should stay in London for the meeting as he is more competent than any other Canadian on the whole range of problems of organization.

8. Someone should also go from Ottawa to work with Campbell Moodie as Press Officer of the delegation since it is apparent that there will be more duties in this field than Moodie alone could accomplish.

9. We are making enquiries in London about hotel accommodation and are also looking into the question of transportation by sea and air. The premises formerly occupied by the Legation to the Allied Governments in Berkeley Street will be available for office purposes although they are too small to meet all the needs of a delegation of the size which seems necessary.

10. To sum up the suggestions in this note on the composition of the delegation, the following list is appended:

Delegates: 2 or 3 Members of the Government.

Alternate delegates: Representatives of Opposition parties and possibly of the Senate.

(The senior officials on the delegation might be designated as delegates or alternate delegates to make up the figure of five delegates and an equal number of alternates.)

Officials: Either Robertson or Wrong, Read, Wilgress, Dupuy, Dean Macenzie, Escott Reid, Ritchie, Rasminsky and perhaps one or two juniors.

Secretaries of delegation: Carter (now a secretary of the delegation to the Preparatory Commission) and one other.

Press Officers: Campbell Moodie and one other from Ottawa.

This sounds formidable but when one considers the work to be done and the number of committees on which we shall be represented and the possibility of election to the Councils, I do not see how we can get along with a smaller group than between fifteen and twenty, plus a stenographic, cyphering and accounting staff. Wilgress has reported that he has been told in confidence that the U.S. delegation will be more than fifty with subordinate staff in addition.

420.

DEA/5475-L-1-40

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

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

TELEGRAM 3747

London, December 24, 1945

SECRET AND PERSONAL. Following for Robertson from Wilgress, Begins: Preparatory Commission telegram No. 61.

1. Sorry to learn from your telegram of December 22nd† that Prime Minister is not likely to head Canadian delegation [to] the first part of the first session of General Assembly. His presence might help our chances of election to both

Security Council and Economic and Social Council. While we are reasonably certain of election to Security Council on account of our participation in development of Atomic energy, we cannot count with assurance on election to Economic and Social Council. There has developed an unfortunate tendency in the distribution of honours. The United Kingdom is proposing to support three Commonwealth countries for election to the Economic and Social Council. Australia is included to mitigate Australian disappointment in lack of United Kingdom support for election to Security Council. India is included on account of great contribution made by Mudaliar to the organization of the Economic and Social Council. Since the meeting at the Dominions Office on December 21st, the South African High Commissioner has received word from his Government that South Africa should put forward a claim for election to the Economic and Social Council.

2. I feel that in the jockeying for position, particularly by Australia, it may prove difficult to secure the election of four Commonwealth countries to the Economic and Social Council, particularly as the United Kingdom has proposed to support only one Soviet satellite and one Soviet Republic in addition to the Soviet Union. Further, the United Kingdom is suggesting only three Latin American countries for election to that Council. Hence, if Canada is elected to Security Council, we may only be able to secure election to Economic and Social Council at the expense of either Australia or India. Ends.

421.

CH/Vol. 2103

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum by Associate Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] January 7, 1946

INSTRUCTION FOR THE CANADIAN DELEGATION TO THE GENERAL ASSEMBLY  
OF THE UNITED NATIONS

The attached paper dated December 27th contains general instructions for the guidance of the Canadian Delegation on a number of questions which will arise during the first part of the session of the Assembly. These instructions have been approved by the Canadian Government. Since they were prepared, further supplementary instructions have been issued on the following points:

SECTION 2. HEADQUARTERS OF THE ORGANIZATION.

The choice of a site in the Western United States is now most unlikely in view of the recommendations of the Preparatory Commission. The Canadian Government has suggested that the Committee now visiting the United States should inspect the proposed site at Grand Island in the Niagara River, as well as sites in the other areas referred to in the recommendation of the Preparatory Commission. The Canadian Government is not committed, however, to the support of any particular site in the Eastern United States.

## SECTION 4. COMMISSION ON ATOMIC QUESTIONS

The Canadian Government on January 3rd agreed to join in sponsoring the resolution to establish this Commission in the form agreed to by the Foreign Ministers of the United Kingdom, the United States and the Soviet Union at Moscow. In accepting the invitation to act as a joint sponsor of this resolution, the Canadian Government formally took note of a statement made by the Secretary of State of the United States in a speech delivered on December 30th as follows:

The Security Council can give directions to the Commission, and restrain publication of reports detrimental to peace and security, but such action can be taken only with the concurrence of all its permanent Members. Failure of the Security Council to act cannot block the work of the Commission.

[PIÈCE JOINTE/ENCLOSURE]

*Instructions pour la délégation à l'Assemblée générale des Nations Unies*  
*Instructions for the Delegation to the General Assembly*  
*of the United Nations*

SECRET

[Ottawa,] December 27, 1945

It is the intention that the first session of the General Assembly should be held in two parts. The first, opening in London on January 10th, will be primarily concerned with the establishment of the United Nations Organization and will have before it as the basic document for its consideration the report of the Preparatory Commission. The recommendations made in this report, the elections to various organs of the United Nations, the choice of a Secretary General, the selection of the site of the headquarters of the Organization and a host of related matters will compose most of the items on the agenda of this portion of the session. In addition, it is expected that consideration will be given to the establishment of a commission on atomic questions as proposed in the Washington Declaration of November 15th and to certain other resolutions (also relating mainly to questions of international organization) sponsored by various delegations. The last group will include a resolution concerning the meeting of an international conference to consider the setting up of an International Trade Organization and a similar resolution sponsoring the creation of an International Health Organization.

It is impossible to give detailed instructions in advance to the Canadian delegation on a large number of matters that will arise. These instructions are prepared before the report of the Preparatory Commission is available in its complete form. Furthermore, the attitude to be adopted on a number of contentious questions must depend on the situation which develops in the Assembly itself and in its committees. It is necessary, therefore, to leave a substantial margin of discretion to the Canadian delegation which will, of course, adopt the normal practice of referring to Ottawa questions of substantial importance which are not covered by these instructions. The sections which follow deal with questions of some substance on which the delegation

will have to adopt a definite position. In certain cases specific instructions can be given in advance; in others it is possible to set forth the limits within which the delegation can operate at its discretion.

## 1. ELECTIONS

### (a) *Security Council.*

Early in the session elections for the six non-permanent seats in the Security Council will take place in order to permit the Council to hold its first meetings and to organize its work. There are six places to be filled in accordance with the criteria laid down in Article 23 of the Charter. The delegation should use its best efforts to secure the election of Canada to one of these seats. The voting is by secret ballot and no promises have been made to support the election of any other Government. It is desirable from the Canadian point of view that a democratic state of Western Europe should be among those chosen, and the selection of either The Netherlands or Belgium should be supported. A state from eastern or southeastern Europe should also be elected, preferably Czechoslovakia with Poland or Yugoslavia as less desirable alternatives. The Latin American countries will press for two seats on the Security Council and the delegation should support the claims of Brazil and Mexico. The question of the sixth seat presents greater difficulties. There will be strong pressure for the choice of a Middle Eastern state, probably Egypt or Iran, and Australia also desires to secure election. The delegation may at first vote for Australia but if further ballots prove necessary they may change their vote as circumstances indicate.

Three states will be elected for two year terms and three for one year terms. The delegation should support the choice of Canada, a western European country and Brazil for the longer term.

### (b) *The Economic and Social Council.*

Also early in the session elections will be held for the eighteen members of the Economic and Social Council. Six will be chosen for a three year term, six for a two year term, and six for a one year term. The delegation will do its best to ensure the election of Canada for at least a two year term, at the end of which under the Charter Canada would be eligible for re-election. It is desired to have a representative group of responsible states chosen for this Council. The United States, United Kingdom, Soviet Union, France and China should be among those selected. In addition, it is desirable that two or three western European countries selected from The Netherlands, Belgium, Norway and Denmark should, if possible, be included. From the British Commonwealth, in addition to Canada and the United Kingdom, it is unlikely that more than two states will be elected. These should include Australia and India rather than New Zealand or South Africa, although we would welcome the inclusion of the latter two states if possible. The Latin American countries will press for not fewer than three seats and possibly four. The Canadian choice must depend on the situation as it develops in London, and the delegation may support the election of three from among Brazil, Chile, Mexico,

Peru, Uruguay, and Colombia. From eastern Europe two states might be selected from Poland, Czechoslovakia, Yugoslavia and Greece and one Middle Eastern state should be supported.

If some states neutral in the war are admitted to the United Nations before these elections take place, the delegation should use its discretion in giving its support to one of Sweden, Switzerland, or Ireland.

(c) *International Court of Justice.*

The election of the fifteen judges on the new Court will take place probably late in the session from the lists of persons nominated by national groups. The elections are a complicated process, likely to consume considerable time, as they require the concurrence of both the Security Council and the Assembly. The full list of candidates has not yet been received and in any event under the electoral system in force it would be unwise to instruct the delegation to support a specified list of fifteen names. The delegation should support the election of the Canadian nominee, and also of judges who are nationals of each of the major powers. They should use their best judgment, in consultation with other delegations in London, to bring about the choice of a representative group of highly qualified jurists.

(d) *Secretary-General.*

The Secretary-General is appointed by the General Assembly on the recommendation of the Security Council. If Canada is not elected to the Security Council, the delegation will not have much part to play in the choice. Since it seems to be fairly well settled that the headquarters of the Organization will be in the United States, it is in the interests of the Organization that the first Secretary-General should be a person very familiar with European problems. The name most commonly mentioned is M. Spaak of Belgium who possesses many of the required qualities, but it is thought that his selection may be opposed by the Soviet delegation. There has been some talk of the selection of a Canadian as Secretary-General, and this might be the outcome if agreement cannot be reached on a European candidate. The delegation should adopt a neutral attitude in this connection, and should report to Ottawa on any such suggestion.

## 2. HEADQUARTERS OF THE ORGANIZATION

The Preparatory Commission after long discussion has agreed that the headquarters should be in the United States, but the choice of an exact site is left to the General Assembly. It is not necessary for the Canadian delegation to take a leading part in advocating any particular site although it should do its best to see that the site selected has the requisite facilities. For reasons of convenience in maintaining close contact with the headquarters, a site in the north eastern part of the United States is preferable. If European countries strongly advocate a site in this region rather than on the west coast, the Canadian delegation should give them its support. In

comparison with the distances to be travelled to reach the headquarters by representatives of other states, we cannot argue strongly on grounds of Canadian convenience for an eastern as opposed to a western site. It is, however, desirable that the site should be in a part of the United States in which racial discrimination is not marked, and that it should be readily accessible and capable of providing for the needs of the Organization by expansion of existing facilities rather than by the creation of entirely new facilities.

### 3. ADMISSION OF NEW MEMBERS

Since the Security Council must take the initiative in proposing the admission of new members to the General Assembly, the importance of the attitude of the Canadian delegation will depend on whether Canada is elected to the Security Council. At San Francisco the Canadian representatives took the position that it was desirable to extend the Organization promptly, especially by the inclusion of neutrals, so that as many states as possible would be bound by the obligations of the Charter. The states which may be proposed for membership in London fall into three classes.

#### (a) *States neutral in the war.*

The Canadian delegation should support the admission of the following neutral states, if they desire their admission:

Sweden, Switzerland, Ireland, Iceland and Portugal. The admission of Spain will not become an issue so long as the present regime is in being, since it is known that the permanent members of the Security Council will oppose it. The remaining neutral state is Afghanistan which was a member of the League of Nations; the Canadian delegation may support its admission if this is recommended by the Security Council.

#### (b) *Ex-enemy States.*

There is no question of the admission at present of either Germany or Japan. Support for the early admission of Italy, however, was forecast in the Potsdam Declaration provided that a peace treaty with Italy had been concluded. As no peace treaties have yet been negotiated with any enemy states, it is unlikely that the question of their admission will arise at the first part of the Assembly's session. If it should arise, the Canadian delegation should take the position that it favours the admission to the Organization as soon as conditions permit of Italy, Austria, Hungary, Finland and Siam, and it should not oppose the admission of Rumania and Bulgaria if this is supported by the United States and the United Kingdom.

#### (c) *Admission of Additional Soviet Republics.*

While nothing is known of Soviet intentions there may be pressure from the Soviet Government for the admission of further republics in addition to the Ukraine and Byelo-Russia. It seems likely that in the first instance they would seek the admission of Estonia, Latvia, and Lithuania. If such a demand

is made and pressed to the point at which the Canadian delegation must adopt a definite position, instructions should be sought from Ottawa. The admission of further Soviet republics is to be discouraged until evidence is forthcoming of their capacity to act in fact as distinct international entities.

#### 4. COMMISSION ON ATOMIC QUESTIONS.

The Canadian Government is committed to the establishment of a United Nations Commission with the general terms of reference set forth in the Washington Declaration of November 15th. The position to be adopted by the Canadian delegation is that the Commission should be appointed by the Assembly, that its membership should be closely related to that of the Security Council provided that Canadian membership is assured, and that since its recommendations would at times require action by the Security Council, the Assembly, the Economic and Social Council and possibly other bodies, its reports should be referred to the appropriate organs for consideration. The delegation will be instructed as to whether it can join in sponsoring the recommendation agreed in Moscow by the Foreign Ministers of the United States, the United Kingdom, and the Soviet Union.

The delegation should watch all developments in this field with great care and should report fully to Ottawa.

#### 5. REFUGEES.

The Preparatory Commission, overruling objections by the Soviet Government, has recommended the inclusion of an item relating to refugees in the agenda of the Assembly. The subject is also certain to arise early in the sessions of the Economic and Social Council. Consideration of it has both constitutional and political and humanitarian aspects.

##### (a) *Constitutional aspects.*

The United Kingdom delegation will press for the merging in the United Nations Organization of the Intergovernmental Committee on Refugees established at the Evian Conference of 1938 and will probably propose the establishment of a commission on refugees responsible to the Economic and Social Council. Since the Intergovernmental Committee was created as a separate entity mainly because the United States did not belong to the League of Nations, it is desirable that international official action with respect to refugees should now be brought under the umbrella of the United Nations. The Canadian delegation may support any reasonable proposal with this end in view.

##### (b) *Political and Humanitarian Aspects.*

The continuing problem of refugees relates to persons who are unable or unwilling to return to their homelands. (There is, however, a Jewish aspect which does not fit completely within this formula). The chief difficulties at the Assembly are likely to concern the treatment of refugees from Soviet

territory, especially the Soviet and former Polish Ukraine and Baltic Republics. The Soviet delegation may be expected to press for the return of all such persons and to claim that a large number of those who are still "displaced persons" actively aided the Axis powers during the war. A similar problem arises with respect to a substantial number of Poles who are unwilling to return to Poland because of their distrust of the present Polish regime. In addition, questions may arise concerning the expulsion of persons of German stock from Poland, Czechoslovakia, Hungary, and other eastern European countries.

The Canadian delegation should join in resisting any attempt to secure recognition, as a general principle, that displaced persons should be compelled to return to their homelands against their will. It is unlikely that during the early discussions by the United Nations Organizations of the problems of refugees, matters will be brought to a point at which overseas countries will be asked to state whether they will accept refugees for permanent settlement. In general the problems of refugees can only be solved by the development of stable political and economic conditions throughout the world, which in turn will allow overseas countries to plan their immigration policies.

In the case of Jewish refugees, the recently appointed Anglo-American Commission of Enquiry has not yet begun its task and the delegation should adopt the position that the report of this commission ought to be available before the question is considered by the United Nations Organization.

## 6. TRUSTEESHIP.

Canada, lacking colonial territories and being remote geographically from all territories which might be placed under trusteeship, has no direct interest to protect in connection with the establishment and operation of the trusteeship system provided for in the Charter.

At this part of the Assembly's session discussion is likely to center around the methods of bringing the trusteeship system into existence. The Soviet Government has resisted the wish of a substantial majority of the Preparatory Commission to recommend the establishment of a temporary Trusteeship Council to direct the inauguration of the trusteeship system. The Trusteeship Council provided for in the Charter cannot be elected until some territories have been placed in trust, and the provisions of the Charter are deficient in that they prescribe no methods for bringing the trusteeship system into operation.

The Canadian delegation should in general hold a watching brief in the committee of the Assembly dealing with trusteeship. It should concern itself with attempting to reconcile differences in accordance with the general principles laid down in the Charter with respect to the control of dependent peoples and in a manner satisfactory to the United States and United Kingdom.

## 7. QUESTIONS RELATING TO THE LEAGUE OF NATIONS

The Assembly will have before it a number of recommendations relating to the transfer of activities, assets, and functions under international instruments, of the League of Nations. It is intended that the arrangements approved by the United Nations Assembly should be considered at a final meeting of the League Assembly to be held after the first part of the session of the United Nations Assembly has ended. There are a great number of technical questions involved in the winding up of the League of Nations, and it is not possible to indicate more than the general line which the Canadian delegation should pursue.

### (a) *General Policy*

Canada has been a member of the League of Nations in good standing from its inauguration to the present time. The general aim should be to provide for the winding up of the League in an orderly and dignified manner. Much of the practical experience on which the United Nations must build is derived from the League, and the United Nations should be regarded in the light of an heir and successor of the League rather than a new experiment in international collaboration. The United Nations should, therefore, be encouraged to take over as much as possible of the assets and functions of the League and as little as possible should be left for separate liquidation.

### (b) *Transfer of Technical Functions.*

The Preparatory Commission has recommended that the United Nations should continue certain technical functions which have been carried on throughout the war by the League Secretariat. These include the serial publications and related activities concerned with international finance, economics and transportation, the service relating to epidemics, and the international regulation of the drug traffic. This transfer should be strongly supported by the Canadian delegation so as to avoid a break in continuity.

In connection with narcotic problems, provision should be made for the United Nations to replace the League of Nations in the functions performed by the League under various treaties and conventions, especially those relating to the Permanent Opium Board and the Drug Supervisory Body. A new body will be needed to take the place of the Opium Advisory Committee. It is desirable that this body should be a commission under the Economic and Social Council composed wholly or in the main of the national officials concerned with the support [*sic*] of the traffic in drugs. The functions of drug control are technical and administrative and they should be kept separate from other matters relating to health and social welfare.

It is desirable that at least some of the personnel of the League Secretariat concerned with these activities should be temporarily transferred to the United Nations Secretariat. This should, however, be done on a selective basis and in a manner which will permit the dropping of individuals who are not

acceptable to the Secretary-General. It is particularly important that the section of the Secretariat dealing with narcotic problems should be carefully chosen and should include persons who have the confidence of the national narcotic administrations of the nations which have taken a leading part in establishing international regulations.

(c) *International Labour Organization*

The I.L.O. is taking steps to amend its constitution so as to provide for its separation from the League of Nations and to permit its attachment as a specialized agency to the United Nations. It is not possible at this stage to give instructions on the methods to be supported for financing the I.L.O. The I.L.O. buildings at Geneva are part of the material assets of the League and an agreement will have to be worked out to permit their continued use by the I.L.O. within the limits of such general arrangements as may be arrived at for the disposition of the material assets of the League.

8. FINANCING OF THE UNITED NATIONS.

In considering the methods to be adopted to finance the United Nations Organization, the Canadian delegation should pay particular attention to the methods whereby the scale of contributions is determined and to the machinery for budgetary control of expenditures. In general the proposals made by the Preparatory Commission appear to be satisfactory.

(a) *Scale of Contributions.*

This will not be settled in the first part of the session, since the plan is to appoint a small expert committee to prepare recommendations to be considered at the second part. An attempt may be made to limit the size of the contributions of the largest states on the ground that if one state were to bear more than one-quarter or one-third of the cost its influence would be likely to be too great. This attempt should on the whole be resisted unless the proportion which can be borne by a single state is set fairly high—perhaps at 40%. Otherwise medium states tend to carry more than their fair share of the cost, since the smallest states are likely to come off lightly in any event. In particular, with the general shortage of U.S. dollars and with the headquarters in the United States, it is desirable that the United States should bear their proportionate share.

In practice it is not possible to develop exact criteria for allocating expenses among member states. The first criterion must be capacity to pay, but this should not be fixed for the future in the light of the present extreme disorder in the world's economy.

(b) *Interim Financing.*

Provision will have to be made at once for interim funds to be made available to the Organization before the scale of contributions and budget are adopted. The proposal is that funds should be advanced by members to provide working capital until regular contributions are received, and that the scale

of the Food and Agriculture Organization should be applied to fix the relative size of these advances. They would be in the nature of loans, and the amounts provided would be adjusted later on in accordance with the United Nations scale when adopted. It is desirable that at its birth the Organization should not suffer from want of current funds and the delegation may agree to a scheme on these lines.

#### 9. RELATIONSHIP WITH SPECIALIZED AGENCIES.

Detailed instructions on this subject are not required especially since agreements with specialized agencies must under the Charter be negotiated by the Economic and Social Council. There are, however, some matters of general principle which are likely to arise at the Assembly.

In the first place the United Kingdom Government has been pressing for the close association with the United Nations of the I.L.O., F.A.O., and the new intergovernmental technical organizations now in course of establishment. It is in general desirable from many points of view that the relationship between the United Nations and these bodies should be clearly defined in order to avoid overlapping of activities, competition for personnel, unequal scales of remuneration, and rivalry in particular fields of activity. The pattern of association, however, cannot be uniform, although certain standard clauses may be included in all agreements with specialized agencies.

With regard to the financing of the specialized agencies, the arguments in favour of a single budget for the major international organizations are strong. Such a budget would have separate chapters for each specialized agency as well as for the Secretariat, the Court of International Justice and so on. The adoption of a central budget, however, raises the question of the degree of authority of the Assembly over the finances of the specialized agencies. The general line to be taken is that the "financial autonomy" of specialized agencies is not a real issue, since all of them are, like the United Nations itself, established by intergovernmental agreements, and it is primarily the responsibility of national governments to see that their delegations are instructed to approve fair financial provisions for all the international organizations to which they belong. This does not mean, however, that the delegation should press for complete centralization in the United Nations budget of the finances of all the specialized agencies. Some of them, indeed, will be self-financing through charges levied on their own operations; this group would include the International Monetary Fund and the International Development Bank. For others it may be appropriate, because of the nature of their operations, that contributions should be assessed on a special scale, thus necessitating a separate budget.

#### 10. SECRETARIAT

At the San Francisco Conference and the Executive Committee and Preparatory Commission the Canadian delegations have taken a considerable part in developing the provisions of the Charter and the recommendations to come before the Assembly which deal with the character and organization of

the Secretariat. The lines of policy are already well laid down and it is not necessary to issue further instructions. The general aim is to secure the establishment of a competent international Civil Service recruited on a wide geographical basis, with its officials freed entirely from control by their own governments and assured of reasonable tenure of employment and remuneration.

The question of salary scales should be watched with care. With the headquarters of the Organization in the United States, the basic comparison should be with the scales paid in the United States public service, allowance being made on the one hand for such exemptions from taxation as may be accorded and on the other for the increased expenditure brought about by expatriation and related considerations.

#### 11. IMMUNITIES OF THE ORGANIZATION AND AGREEMENT WITH THE HOST STATE

To ensure adequate independence a satisfactory agreement must be concluded with the state in whose territories the headquarters are situated. This reference is inserted in these instructions to draw attention to the importance of the matter. A draft agreement has been prepared by the Preparatory Commission and its contents will require full consideration by legal experts. The problems affecting the immunities to be granted to the Organization itself, to the members of its staff, and to representatives of governments engaged on its business also require thorough examination. In general the aim should be to ensure that the immunities and privileges necessary for efficient operation are accorded, and no more than this. The growing complexity of international organization and also the increasing size of national diplomatic missions make it necessary to watch with care all claims for special privileges and immunities.

#### 12. ESTABLISHMENT OF INTERNATIONAL TRADE ORGANIZATION

It is the intention to bring before the Assembly a resolution favouring the holding of an international conference to consider the establishment of an International Trade Organization, in accordance with the proposals published by the United States Government earlier this month. The Canadian delegation should support the passage of this resolution.

#### 13. ESTABLISHMENT OF AN INTERNATIONAL HEALTH ORGANIZATION

Similarly a resolution will be introduced sponsoring an international conference to consider the creation of an International Health Organization. This resolution also should be supported by the Canadian delegation.

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These instructions deal only with questions certain or likely to come before the General Assembly. It is the intention that the Security Council should meet as soon as it has been elected. Indeed, the Secretary-General cannot be chosen until the Security Council has agreed upon a nominee for the post. If Canada is elected to the Security Council, therefore, Canadian representa-

tion on it will be essential during the sitting of the Assembly. The Minister of Justice should initially act as the Canadian representative with the Associate Under-Secretary of State for External Affairs as his alternate. Since the election of Canada is not certain, instructions have not been prepared in advance for the guidance of the Canadian representative. In the event that Canada is elected, on matters requiring instructions from Ottawa advice should be sought by telegram.

Much the same considerations apply to the Economic and Social Council. This body may meet in the latter part of the Assembly's session and is likely thereafter to hold regular meetings every quarter. If Canada is elected, the delegation should use its discretion in dealing with matters coming before the initial sittings of the Council and should, when necessary, seek instructions from Ottawa.

Canadian membership on the proposed Commission on atomic questions appears to be reasonably well assured, but it is uncertain when this Commission will begin to deal with its terms of reference. Instructions, therefore, cannot be issued at present.

There are likely to be other committees and commissions which will continue to sit after the first part of the session of the Assembly. On some of these it will probably be desirable that Canada should be represented.

To ensure adequate representations on the Councils and other special bodies it may prove necessary to appoint additional advisers, for example, the work of the Atomic Commission may be such as to require the assistance of scientific and military experts. The delegation may thus find it necessary to recommend the provision of additional advisers.

422.

DEA/201-B

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

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

TELEGRAM 67

London, January 8, 1946

SECRET. ASDEL No. 4. Following for Robertson from Wrong, Begins: You may be interested in some first impressions based on talks with our own people and some of the British.

1. The elections to the Councils may take place on Friday or Saturday. Our election to the Security Council seems likely. Intense lobbying for the Economic and Social Council is going on and the outcome is uncertain. There will be a meeting tomorrow afternoon with Bevin to discuss elections, Secretary-General, and related questions.

2. There seems to be no leading candidate for Secretary-General and I think it may be some time before the Security Council can agree on a nomination.

3. Controversy is expected over the Atomic Commission. Fraser may take lead in urging responsibility to the Assembly, but the prospects are that the resolution will be approved without important changes. Has your note agreeing to sponsor resolution been given to the press? There is no reason why it should not be published and it might be as well to have it on the public record.

4. Australian delegation is headed by Hodgson and the South African by Heaton Nicholls.

5. The last contingent from Canada arrived today and we are beginning delegation meetings tomorrow morning. Matters have gone smoothly inside the delegation. Ends.

423.

DEA/211

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

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

TELEGRAM 131

London, January 14, 1946

SECRET. ASDEL No. 13. Following from Wrong, Begins:

1. The program for the rest of this week contemplates a series of speeches in Plenary Session in which probably all delegations will take part. Mr. St. Laurent expects to speak towards the end of the discussion, not earlier than Wednesday and probably on Thursday or even Friday. If there is anything you particularly wish to have said, please let us know as soon as possible.

2. The Security Council is not expected to meet before Wednesday, and the negotiations over the choice of the Secretary-General have scarcely begun. We are letting it be known that we believe that Pearson would be available if the choice falls on him. Ends.

424.

DEA/211

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

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

TELEGRAM 135

Ottawa, January 16, 1946

IMMEDIATE. SECRET. Following for Wrong from Robertson, Begins: Your ASDEL No. 13.

Two points occur to us for possible inclusion in Mr. St. Laurent's speech in the Plenary Session. We realize that you will have to decide how much emphasis to give them in atmosphere in which the Assembly is meeting.

1. If the United Kingdom delegation follows up the Foreign Secretary's suggestion of the establishment of some form of world Government as an ultimate goal for the United Nations Organization you might give general support to the United Kingdom position within the limits of the Prime Minister's statement made in the House of Commons on December 17th, 1945, in relation to the Washington declaration on atomic energy of November 15th.

2. You will recall that in this speech the Prime Minister also said that we should, by every means in our power, support and strengthen every agency of international cooperation and understanding which can help make the world community a reality. The opportunity for agreement and effective cooperation in the economic field offers the United Nations immediate scope for effective action. Especially in view of our election to the Economic and Social Council it would be appropriate for the Canadian delegation to emphasize the need for the United Nations Organization to give a lead in the task of world reconstruction. It is not known here whether the United States' proposal for an international conference on trade and employment, under United Nations auspices, has yet been placed on the Assembly agenda. If so it should be given warm support. If proposal is not yet formally put forward Mr. St. Laurent could appropriately welcome the initiative the United States has announced that it intends to take and promise our support for every effort to try to get international trade moving again in full volume and stability. Ends.

425.

DEA/211

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

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

TELEGRAM 281

London, January 31, 1946

ASDEL No. 41. Following from Wrong, Begins: Since my general report of January 29th, † good progress has been made in Committees in considering Preparatory Commission's report, nearly all of which is being adopted without change. Interest has been concentrated on the Security Council and the Economic and Social Council, on which we are reporting separately. General discussion on refugees continues, and we made a statement yesterday. The main point at issue is the form in which the Assembly should ask the E.S.C. to consider the refugee problem.

2. Elections to the Court begin on Monday and Read's chances are good. He will be backed by the principal Powers. The only difficulty is that the Australians may draw some votes away from him because they are pressing their candidate. South Africa and New Zealand have accepted Read as the

first candidate from the Dominions and it is uncertain whether Bailey can also be elected. A prolonged contest for the 15th place on the Court is not unlikely. Ends.

426.

DEA/211

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] March 2, 1946

I attach a copy of a memorandum giving my general impressions on the recent Assembly meeting. Ritchie is preparing despatches to the heads of missions abroad forwarding this document and emphasizing that it is a personal venture of my own and not an expression of the opinion of the delegation, the Department, or the Canadian Government. Reid takes a more cheerful view than I do of the proceedings in the Security Council. The memorandum incorporates some paragraphs on the manifestations of Soviet policy which were suggested by Ritchie.

I would propose to give this some Departmental circulation next week and to send it to the Ministers who were on the delegation and to two or three others such as Mr. Claxton. I shall also send copies, unless you disagree, to Clark, Towers, Rasminsky and two or three others who are interested.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum by Associate Under-Secretary of State for External Affairs*

SECRET

Ottawa, February 27, 1946

IMPRESSIONS OF THE FIRST GENERAL ASSEMBLY  
OF THE UNITED NATIONS

1. This memorandum contains some personal impressions of the meetings of the General Assembly and the Security Council which have just ended in London. It is not a record of the meetings but an attempt to describe the atmosphere which prevailed and the political factors which gave the proceedings the form that they took.

2. The main tasks set in advance for this session of the Assembly, the Security Council and the Economic and Social Council were accomplished without serious friction and in a constructive manner. These tasks concerned the organization of the United Nations so as to bring all its organs into effective operation as soon as possible. For the most part the

work to be done had been thoroughly prepared by the Executive Committee and the Preparatory Commission. In the main the recommendations of the Preparatory Commission were approved, and when changes were made after discussion in Assembly committees they were generally improvements on the proposals of the Preparatory Commission. Satisfactory provision has therefore now been made for the appointment and direction of the Secretariat, the initial financing of the United Nations, the legal status which it should enjoy and a large number of other matters. The Security Council, the Economic and Social Council and the International Court of Justice have been established by the election of their members, and the Secretary-General has been installed in office. A decision has been taken on both the temporary and the permanent headquarters. While there remain further questions relating to organization still to be dealt with, which could not be settled at the initial stage, the great bulk of this work has been accomplished.

3. The constructive side of the work of the Assembly and the Councils was obscured by the protracted public battles which were fought over political issues regarded as having propaganda value. The proceedings of the Economic and Social Council received very little attention in the press, although under the able chairmanship of Sir Ramaswami Mudaliar it got away to a good start. Controversies always monopolize public attention at international gatherings. In London, therefore, the questions on which public attention was fixed were principally the proceedings in the Security Council on Iran, Greece, Indonesia and the Levant, and the proceedings in the Assembly and its committees concerning refugees, the World Federation of Trade Unions, trusteeship and the headquarters, together with the elections to the Councils and the Court.

4. The two outstanding personalities were Mr. Bevin, for his handling of the British case in the Security Council in particular, and M. Spaak for his effective chairmanship of the Assembly. The Soviet delegations, however, were the dominant influence, exerted in the main by the mouths of Mr. Vyshinsky in the Security Council and of Mr. Gromyko and Mr. Manuilsky, chief of the Ukrainian delegation, in the Assembly. Mr. Fraser of New Zealand played a very vigorous part throughout the conference, as did also Mr. Noel-Baker of the United Kingdom who spoke for his Government on many matters in the Assembly and its committees and in the Economic and Social Council.

5. The tactics of the Soviet delegations were to use the proceedings to the uttermost for purposes of propaganda, in an effort to depict themselves as the defenders of dependent peoples, small countries, and organized labour. They used every artifice to debate these issues and to force them to a vote. They are likely to continue these tactics at future meetings. They did not appear to mind being defeated, but they wished to make all delegations go on record on the proposals to which they attached importance. Their arguments often were addressed not so much to the delegates in

front of them as to the outside world. They doubtless intend to make use, through their own channels of propaganda, of the position taken by various delegations. Another motive for their persistent tactics probably was that they had rigid instructions from Moscow and desired to satisfy their government that they had exhausted every device to execute them.

6. It is difficult to assess the degree of success which the Soviet delegation obtained by these tactics. So far as their effect in the meetings themselves is concerned, the Russian case was often weakened by faults of presentation which seemed to arise from their lack of understanding of western habits of thought. For example, Mr. Vyshinsky in his speeches in the Security Council both bored and bewildered his hearers by interminable quotations from newspaper clippings (sometimes from obscure journals) and from old speeches of obscure members of the British House of Commons. He appeared to consider these as constituting serious evidence for the case which he was arguing. Another characteristic was the frequent unscrupulousness of the manoeuvres of Soviet representatives. For example, Mr. Manuilsky, the astute Ukrainian chairman of the Political Committee, showed himself adept at manipulating procedure to give every possible advantage to his friends. Although other chairmen were not above reproach in this respect, there was an effrontery about Mr. Manuilsky's proceedings which irritated many of the delegates.

7. Thus one was left with the impression that the Soviet Government regarded this opening session chiefly as an opportunity for propaganda. The result was to strain severely the effective operation of the Charter at its first trial, and to make it apparent that talk of turning the United Nations into an agency of international government, by the delegation to it of a portion of the sovereignty of the members, is in present conditions wholly unrealistic.

8. An apparent purpose of the Soviet delegation, especially in the Security Council, was to blacken the reputation of the United Kingdom Government. Although at times they received more provocation from representatives of the United States, they rarely replied directly. Even in the protracted discussions on the World Federation of Trade Unions (which consumed more time than any other matter before the Assembly) Senator Connally, who spoke for the United States in the most vigorous fashion, was handled far more tenderly by the Soviet representatives than Mr. Noel-Baker, who spoke moderately and reasonably for the United Kingdom.

9. The causes for Soviet hostility to the United Kingdom are no doubt complex but one senses behind the particular motives the pressure of a vigorous and expanding power in contact at many vital points with the over-extended British Empire. It seems evident that the Soviet Government have abandoned any hope or desire of arriving at a *modus vivendi* with the United Kingdom Government by which each would keep their hands off the spheres of influence of the other. It may be that Iran was considered a test case, and that the support which Mr. Bevin gave to the Iranian Government was a turning point in Anglo-Soviet relations. It is not too much to say that for all practical purposes the Anglo-Soviet alliance is at the moment in abeyance.

Soviet opposition to the United Kingdom also extends to those western European governments which are on particularly close terms with the United Kingdom Government.

10. In the long drawn-out duel between Mr. Bevin and Mr. Vyshinsky in the Security Council, each side registered both successes and defeats. The Soviet delegation was successful in fighting most of the battles on grounds of their own choosing. After the end of the hearings regarding Iran, the Soviet delegation was always on the offensive, and not the least of their achievements was that they succeeded in pushing the Iranian question completely into the background and focusing attention on vulnerable points in the British position in various parts of the world. Curiously enough, the Soviet attack on the United Kingdom appeared least successful in the case of Greece, where in many ways they had a relatively strong case. Mr. Bevin's handling of the discussions on Iran and Greece was masterly. He gained and held the respect of most of the members of the Security Council, as well as the wider audience outside it, by his staunch defence of British motives and action. On the other hand, he was at his weakest in dealing with the Indonesian question.

11. The debates on Indonesia and on Syria and Lebanon in the Security Council and the discussions in the Trusteeship Committee seem to indicate that the Soviet Government have determined to take full advantage of the embarrassments in which the colonial powers find themselves involved in the Middle and Far East. The overstretched resources of the British and the weakness of the newly liberated French, Dutch and Belgian Governments make them peculiarly susceptible to pressures in the colonial sphere. In the background is the very real fear of the British, Western European, South African and Australian Governments of a tidal wave of racial and revolutionary anarchy which would plunge wide areas of Asia and Africa into confusion and disaster. This nervousness was quite apparent in all the discussions of colonial questions. It was also apparent that, from the Soviet point of view, there may be advantages to be derived from fishing in these troubled waters, the more so because it seems likely that colonial questions may be those on which there is the best chance of separating the British from the Americans.

12. One result of the proceedings was to emphasize and encourage the existence of blocs of states for voting purposes. The most consistent bloc was the Soviet group made up of the delegations of the Soviet Union, the Ukraine, Byelo-Russia, Czechoslovakia, Yugoslavia and Poland. The first three delegations always voted together except when the signals got crossed, and on nearly every issue Yugoslavia and Czechoslovakia voted with them, although the Czechs showed at times slightly more independence than the Yugoslavs. The Poles on the whole were faithful supporters, but on one notable occasion in the Security Council the Polish representative declared, in opposition to the Soviet representative, that the presence of British troops in Greece did not in his view constitute a threat to peace and security. The Poles also sometimes used an independent line of argument even when they ended on the same side in the vote.

13. The Arab bloc was fairly consistent in sticking together on all issues. It was made up of the five delegations of Egypt, Syria, Lebanon, Iraq and Saudi-Arabia. It was generally ready, under Egyptian leadership, to strike intricate bargains in order to attain its own ends. It was joined at times by Iran, which also operated on the fringe of the Soviet group.

14. The largest bloc was the Latin American group, but it broke up on many occasions. It was able to form a united front on electoral questions in order to ensure the representation of Latin America, and it was open knowledge that electoral bargains were struck between it and the Arab group. These two groups together, plus one other delegation, could command a majority. The Latin American bloc succeeded in the election of two members of the Security Council out of six, of four members of the Economic and Social Council out of eighteen, and of four judges of the International Court out of fifteen; they very nearly succeeded, indeed, in electing five judges. On political issues, however, the solidity of the Latin American group tended to disappear, and the bloc was often split in an unpredictable manner.

15. There was a tendency, which at present seems to be irresistible, to regard the six states-members from the British Commonwealth as another bloc of states, although on nearly all issues on which there was a close division of opinion the votes of the Commonwealth representatives were split. In the negotiations which preceded the elections of members of the Councils and of the Court the Commonwealth delegations, in contrast to the members of the Latin American, Soviet and Arab blocs, were unable to reach complete agreement on the candidates from their own number whom they would support. Nevertheless, we must realize that all the other members of the United Nations, however mistakenly, seem still to think of the Commonwealth as a bloc of states; and in the allocation of seats they consider that the Commonwealth group is represented properly by one elective member of the Security Council, three or at most four members of the Economic and Social Council (including the United Kingdom), and two or at most three judges of the Permanent Court. In fact the United Kingdom and Canadian candidates were the only ones from the Commonwealth to secure election to the Court, mainly because votes were divided between the Indian and Australian candidates with the result that both failed of election.

16. The Latin American, Soviet and Arab groups, with the addition in other peoples' minds at least of the Commonwealth group, were the clearly defined blocs of states possessing considerable voting strength. At future sessions, when the lessons of the London meeting have been digested, it is likely that the technique of electoral bargaining between the blocs will be more highly developed. The Latin American, Soviet and Arab groups all succeeded both in agreeing within themselves on their own candidates and in securing the support of one or more of the other groups by striking electoral bargains. In consequence, on present prospects, it is unlikely that Canada can expect election to the Security Council except as the successor to Australia at the election which will take place in September 1947, although there is something

to be said for Canada's standing for election again next September, when three new members will be chosen to replace Mexico, Egypt, and The Netherlands. Furthermore Canada will be expected not to stand for re-election to the Economic and Social Council in September, 1948, and it is open to question whether Mr. Read can secure re-election to the International Court of Justice when the places of those with three-year terms come to be filled, also in September, 1948. In putting forward candidates within the blocs themselves recognition to some extent was accorded to the functional idea of representation, but the idea of rotation and of sharing the honours and the feeling that states (other than the Big Five) should not sit at the same time on both the Security Council and the Economic and Social Council were strongly evident.

17. The United States, France and China cannot be said to have blocs of states attached to them for voting purposes. The United States, however, can always count on a wide measure of support in Latin America, the British Commonwealth and Western Europe at any rate, and can usually rely as well on securing the votes of the Philippine and Liberian delegations. France in time might be regarded as the leader of the Western European group, but at present the four smaller countries of Western Europe which belong to the United Nations (The Netherlands, Belgium, Norway and Denmark) often look to the United Kingdom rather than to France for leadership whenever there is a difference of opinion between the British and the French. China sought to maintain her prestige as one of the five permanent members of the Security Council by the performance of balancing feats, with the result that on almost every occasion on which the Chinese representatives took part in discussions their purpose was to obscure real differences of opinion. In particular, the Chinese delegation, and also the French delegation, were obviously pained when they had to cast votes on issues on which the Soviet Union on the one hand and the United States and United Kingdom on the other hand took different sides. These two delegations, of all those of any influence at the conference, were the most frequent abstainers from voting.

18. One effect of the establishment of the United Nations seems to be to encourage the creation of blocs. These represent in some cases definite spheres of influence, notably the Soviet group, and in other cases little more than electoral arrangements. In large measure this is inevitable in the Assembly, and as the membership increases in size the tendency will grow stronger. This is a consequence of the equal voting power in the Assembly and its committees of all states large and small. When the Liberian vote can cancel out that of the Soviet Union, the Soviet delegation is almost bound to seek to secure its proper weight by attaching to itself as many other delegations as it can. This sort of development was not unforeseen during the discussions leading up to the signature of the Charter. It will be very apparent when the admission of new members becomes a live issue, which will probably be in September. For instance, the Soviet Government is likely to agree to the admission of a neutral state such as Switzerland, Sweden, Ireland and Portugal only if agreement is given to the simultaneous admission of an ex-enemy state of Eastern Europe such as Roumania, Bulgaria, Hungary and Finland. They

already made an effort in London to strengthen their own group by securing the immediate admission of Albania.

19. To turn to the operations of the Security Council, perhaps the most vivid impression left on the mind of one who was present at most of its meetings as an observer is that it is unrealistic to talk of the Security Council as though it possessed in fact, in the language of Article 24 of the Charter, "primary responsibility for the maintenance of international peace and security." The Security Council, indeed, has so far shown itself impotent to take positive action to settle disputes peacefully under Chapter VI of the Charter and, therefore, still more to enforce its decisions under Chapter VII. Unexpected responsibilities were thrown upon it by the presentation to it of the appeals from Iran and Syria and Lebanon, and by the Soviet thrusts directed against the United Kingdom's actions in Greece and Indonesia. The discussions concerning Iran and the situation in the Levant may have some beneficial effect; at least in these cases the parties who felt themselves to be aggrieved themselves brought the issues before the Council. The discussions concerning Greece and Indonesia were pure propaganda on the part of the Soviet Government against the United Kingdom, The Netherlands and the present Greek Government. From the beginning there was no expectation that the Council would or should take any action. Nevertheless, it became clear in the course of these proceedings that the Soviet Government would employ its veto power even to prevent the adoption by the Council of a form of words indicating that the Soviet charges were not fully justified. As every dispute of importance directly or indirectly involves one of the great powers, it is not too much to say that the present role of the Security Council is to be an additional means of publicly exposing differences between the great powers.

20. The extreme ineptitude of the first chairman of the Security Council helped to bring about this result. Firm guidance from the chair of the quality which M. Spaak gave to the Assembly could readily have set matters on a better course at the early meetings. For this reason alone one heard numerous expressions of regret that Canada had failed of election in place of Australia; if Canada had been chosen the inaugural sessions of the Council would have taken place under the capable chairmanship of the Brazilian delegate, Mr. de Freitas Valle.

21. In conclusion, it can be said that in dealing with matters without substantial political or propaganda importance the meetings in London showed that the machinery of the United Nations under the Charter could be operated with reasonable efficiency and despatch. When such matters came before the Assembly a majority opinion could be secured which, in spite of bloc pressures, represented a sensible decision hammered out by the normal democratic process of debate. When political issues came before the Security Council no such decisions could be reached, even though the discussion had shown that a substantial majority of the members were in favour of an agreed outcome. It would be unwise in present circumstances to attach serious importance to the Security Council as a guardian of world peace, or

to consider the obligation under Article 43 to make special military agreements with the Security Council as much more than a formal duty. (I understand that the Military Staff Committee, which met in private, operated in a more constructive atmosphere and made good progress at its initial sessions; its recommendations, however, will have to be accepted by the Security Council). What took place in London has shown that the General Assembly and in particular the Security Council can be and are being used as instruments in the war of nerves, especially by the Soviet Government. It is debatable whether the advantages of open discussion of issues dividing the Great Powers outweigh the disadvantages caused by the public fixing of positions on delicate questions, with the consequence that the area of negotiation is reduced. The Security Council was not meant to be an agency for the prosecution of psychological warfare or an arena for gladiatorial contests between national champions. Without a great alteration, therefore, in the attitude towards each other of the great powers—and it should be emphasized that this alteration is required not only on the part of the Soviet Government—the first meetings of the Security Council and the Assembly leave open the question whether the establishment of the United Nations has in fact furthered its primary purpose—the maintenance of international peace and security.

H. H. WRONG

427.

DEA/211

*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*

Washington, March 14, 1946

Dear Norman [Robertson],

I wish to acknowledge with thanks your Despatch No. 268 of March 7th,† enclosing the most interesting and informative review of the recent UNO Assembly by Hume.<sup>1</sup> I was hoping to have the opportunity to comment on this before I leave for Atlantic City, but that is going to be quite impossible. The last week or so has been really too busy here; just like all of your weeks in Ottawa. Hume's memorandum certainly arouses thought, and not too optimistic thought, about the future of UNO. I agree with the conclusions of his last paragraph.

I wonder whether we should not begin now seriously to attempt to alter the Charter. It is quite clear that, while UNO cannot survive without a friendly and co-operative attitude on the part of the Great Powers to the Organization and to each other, nevertheless that does not alter the fact that the Charter itself has already been shown to require changes. Even the

<sup>1</sup> Le document précédent.

<sup>1</sup> Preceding document.

U.S.A. and the U.K. realize this, but I should think it would be much easier for them if the changes were pressed in the first instance by some of the smaller powers.

I would like to have a talk with you about this and other related things next time I am in Ottawa. I hope that will be soon.

Yours sincerely,

MIKE [PEARSON]

SECTION B

SECONDE PARTIE

(23 OCTOBRE — 15 DÉCEMBRE)

SECOND PART

(OCTOBER 23 — DECEMBER 15)

SOUS-SECTION i/SUB-SECTION i

GÉNÉRALITÉS/GENERAL

428.

DEA/5475-L-40

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures  
au chef, la deuxième direction politique*

*Memorandum from Associate Under-Secretary of State for External Affairs  
to Head, Second Political Division*

[Ottawa,] August 31, 1946

I had a talk with Mr. St. Laurent yesterday evening about the general line which should be taken at the Assembly. He expressed himself as being opposed to the Canadian delegation taking an active part in the discussion of issues which were unlikely to result in any decisions of importance. He felt that we should be actively and competently represented when budgetary and administrative matters were up but that we ought to leave it to others to wrangle over matters which were essentially in political dispute. He is also opposed to our standing for the Security Council as he thinks that we could do nothing to make it less impotent than it is now.

I think your draft resolution on Chapter VI of the Charter is one of the matters covered by the view he expressed and we, therefore, should not discuss it in advance. I return herewith your letter† to Ignatieff. I am confident that if an offer were made to have the Assembly go on record in this sense it would lead to a prolonged wrangle which would involve not only the substance of the resolution but also the competence of the Assembly.

Mr. St. Laurent's attitude is that we should keep quiet except when questions requiring practical decisions arise. I think that he would be quite ready to make a statement at the Assembly to this general effect. He is,

however, very much concerned over the financial aspects arising in this connection and feels we should be thoroughly ready and prepared to be active on scales of contribution, budgetary control, etc.

H. W[RONG]

429.

CH/Vol. 2105

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

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

DESPATCH 1652

Ottawa, September 30, 1946

Sir,

I enclose copies of a note dated September 24, 1946, to the Secretary General of the United Nations requesting that the following item be included in the agenda of the Second Part of the First Session of the General Assembly: "Measures to economize the time of the General Assembly." The note contains an explanation of this proposal.

2. We are seriously concerned over the large number of international conferences which are now being held. The large number of these conferences and their excessive duration make it difficult for states to be adequately represented at each conference. We have found it difficult to make specific suggestions on how to reduce the number of conferences. We feel, however, that it would be a considerable step forward if measures could be taken to reduce their excessive duration.

3. We hope that the proposals which we have made in this note to the Secretary General will be favourably considered by the General Assembly, and that the General Assembly will agree to our proposal that it elect an ad hoc committee to make recommendations to it on specific measures which it might adopt to economize its time.<sup>1</sup>

4. I should be grateful if you would give copies of the enclosed note to the Government to which you are accredited and request the Government to give sympathetic consideration to our proposals.

I have etc.

ESCOTT REID  
for the Secretary of State  
for External Affairs

<sup>1</sup> Voir la résolution telle qu'adoptée le 15 décembre 1946 lors de la soixante-septième séance plénière de l'Assemblée générale dans Nations Unies, *Résolutions adoptées par l'Assemblée générale pendant la seconde partie de sa première session du 23 octobre au 15 décembre 1946*, Résolution 102 (1), pp. 198-199.

<sup>1</sup> See the resolution as adopted at the sixty-seventh plenary meeting of the General Assembly on December 15, 1946 in United Nations, *Resolutions Adopted by the General Assembly During the Second Part of its First Session from 23 October to 15 December, 1946*, Resolution 102 (1), pp. 198-199.

## [PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire d'État aux Affaires extérieures au Secrétaire général  
des Nations Unies*

*Secretary of State for External Affairs to Secretary General  
of the United Nations*

Ottawa, September 24, 1946

Sir,

I have the honour to request that the following item be included in the Agenda of the Second Part of the First Session of the General Assembly:

“Measures to economize the time of the General Assembly”.

The large number of international conferences which are being held makes it difficult for states to provide adequate representation at each conference. This difficulty is increased if the conferences last for a long time. Moreover, unduly protracted international conferences diminish the prestige of the international organizations which are responsible for calling them.

During the present period, when new international organizations are being formed, it is difficult to reduce the number of conferences which must be held. It is therefore all the more important to ensure that the various conferences accomplish their tasks as expeditiously as possible. The General Assembly of the United Nations should set an example to all other conferences by the efficient and expeditious conduct of its business.

It is of paramount importance that the time of representatives in the General Assembly be economized to the greatest possible extent. The General Assembly can be successful in carrying out its important tasks only if delegations include Ministers responsible for the formulating and carrying out of policy. The chances of these Ministers being able to be present during the whole period of a session of the General Assembly will be greater if the sessions are not unduly prolonged.

The Canadian delegation will therefore propose under this item of the agenda that the General Assembly, as early as possible in its proceedings, elect an ad hoc committee of about fifteen states to consider and make recommendations to the General Assembly on measures it might adopt to economize its time.

6. It is the hope of the Canadian Government that all the members of the General Assembly will be able, by the time this committee is set up, to make specific suggestions to the committee. The following six specific suggestions have occurred to the Canadian Government:

(a) Each speaker in the opening debate in plenary session on the Secretary General's Report might be limited to ten minutes with the right to have his remarks extended in the verbatim record.

(b) A report of a main committee to the General Assembly should not be debated unless one-third of the members of the committee request a debate.

(c) The main committees should, at their first or second meetings, establish a number of sub-committees of ten to fifteen members to study various questions referred to them by the committee and to report back to it. In order that these sub-committees may meet simultaneously, each sub-committee should have its own chairman.

(d) The General Committee, in discussing matters related to the agenda of the General Assembly, should not debate the substance of a question but should confine itself to discussing whether or not it should recommend that an item be included in the agenda of the General Assembly.

(e) The General Committee should be required to submit its report to the General Assembly on the inclusion of an item in the agenda within, say, forty-eight hours of receiving a request that the item be included in the agenda. (The General Committee's report, being a recommendation, is debatable by the General Assembly but agreement might be reached that the debate be limited to two hours at most).

(f) In order to lessen the danger that committees waste their time on procedural debates, a number of improvements in the rules of procedure on the conduct of business might be made. Thus it might be desirable to insert a new rule on the order in which resolutions, as distinct from amendments, should be put to the vote. Changes in the existing rules of procedure might be required to implement some of the suggestions made above. It might also be useful if the Secretariat prepared for the guidance of chairmen of committees and sub-committees a commentary on the rules of procedure governing the conduct of business.

Accept, etc.

LOUIS S. ST. LAURENT

430.

DEA/5475-AD-40

*Mémorandum du chef, la deuxième direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

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

SECRET

[Ottawa,] October 5, 1946

1. The committee on the preparations for the General Assembly is having a meeting on Tuesday, October 8, at 2:30 p.m., in room 123. The business before the meeting will be to consider the enclosed two documents. The first is a text of the speech which Mr. St. Laurent might deliver in the opening debate of the Assembly,<sup>1</sup> and the second is an introduction to the printed commentary.

<sup>1</sup> Non reproduit. Un nouveau discours fut préparé après l'ouverture du débat. Voir le document 433, paragraphe 4.

<sup>1</sup> Not printed. A new speech was prepared after the opening of the debate. See Document 433, paragraph 4.

2. Since the Canadian Government has suggested that speeches in the opening debate of the Assembly should be limited to ten minutes, we have tried to limit Mr. St. Laurent's speech to ten minutes.

3. The introduction to the commentary is divided into three parts. The first two parts are a revision of the paper you have already seen on general considerations.<sup>1</sup> I have taken your suggestions into account in preparing this draft. The third part of the introduction is a discussion of tactics in the committees of the Assembly.<sup>2</sup>

4. I imagine it would be very difficult for you to spare the time to come to the meeting, but if you could come the committee would be most grateful.

[PIÈCE JOINTE/ENCLOSURE]

*Projet de l'Introduction au Commentaire à l'usage de la délégation  
à l'Assemblée générale des Nations Unies*

*Draft Introduction to the Commentary Prepared for the Use of the Delegation  
to the General Assembly of the United Nations*

...

PART THREE

TACTICS IN COMMITTEES OF THE GENERAL ASSEMBLY

25. Soviet delegations will sometimes deliberately snarl a committee in a confused procedural debate. Some Latin American delegations will do it because they seem to enjoy procedural debates. If a committee gets involved in a protracted procedural debate relating to a discussion of a question of substance, the Canadian representative can do a service to the committee and shorten the duration of the Assembly by rising to discuss the question of procedure and then launching into a discussion of the question of substance. If the intervention is well-timed and well-delivered, it may put an end to the procedural debate.

26. Some chairmen of committees will try, after a debate has gone on for some time, to rush through a series of votes in a few minutes at the close of a meeting of the committee. Chairmen from the Soviet bloc are particularly fond of doing this. The practice is also followed by incompetent chairmen who allow a meeting to get completely out of hand and then over-

<sup>1</sup> Voir le document suivant.

<sup>2</sup> La troisième partie ne faisait pas partie du document que les membres de la délégation ont reçu. Cependant, elle est reproduite ici parce que M. Reid a communiqué son contenu à la délégation.

<sup>1</sup> See following document.

<sup>2</sup> The third part was not included in the document received by the members of the delegation. However, it is printed here because Mr. Reid advised the delegation of its contents.

assert their authority at the very end of the meeting. If it looks as if the vote which the chairman is pressing for would go against the side favoured by Canada, a request might be made that the vote be postponed until the next meeting. At the close of a long meeting, it is usually possible to get such a request granted. If the Canadian representative feels that it would be unwise to ask for time for further discussion, he might suggest that the vote or votes be taken without further discussion as the first order of business at the next meeting. Failing all else, a simple motion to adjourn the meeting will very often be successful, especially if the usual time for adjournment has passed.

27. Soviet delegations, when they feel that a decision is going to go against them, will very often follow the tactics described in the preceding paragraph. When, at the end of a meeting, they ask for postponement of the vote in order to give time for further consideration, it is usually wise to support the request underlining, however, the precedent that is being created since Soviet delegations, when the roles are reversed, will oppose requests for adjournment on the ground that the work of the committee is being held up.

28. One favourite device of Soviet delegations is to introduce at the very end of a conference one or two proposals which they hope will get through without adequate examination. They very often succeed. Sometimes, in the last-minute rush of a conference, they will introduce at a plenary meeting a slightly modified version of a proposal which has already been rejected in committee. Therefore all proposals introduced by the Soviet bloc in the last week of the Assembly should be carefully scrutinized and no departure from the rules of procedure on adequate notice, the necessity of examination by committees, etcetera, should be permitted.

29. Some Soviet delegates make a practice of trying to goad other delegates into losing their tempers. They then reply coldly and suavely. Though a loss of temper, or even a pretended loss of temper, is almost always unwise, this does not mean that a representative should always be restrained and unemotional. There are times when he can usefully be forceful, spirited, eloquent and blunt.

30. If a proposal supported by Canada is opposed by the Soviet states, the Canadian delegation should adjust its tactics to those followed by the Soviet delegations. This means not only that the delegation should start with asking for more than it hopes to get but also that it should stubbornly refuse to recede from its initial position. Any compromise which it eventually finds necessary to put forward should be put forward grudgingly and of necessity; emphasis should be laid on the extent of the change which Canada is willing to make in an effort to secure Soviet concurrence; it should be made clear that if the Soviet delegations do not agree to the compromise Canada will insist on its unmodified original proposal being put to the vote.

31. In controversies with Soviet delegations over the choice of persons for posts, it will very often be useful for the Canadian delegation to put forward

as its original nominee some highly qualified person who is unlikely to receive Soviet support. Canada can later bring forward its real candidate as a compromise.

32. If the delegation is initiating a proposal either in written form or orally it is very often wise to put the proposal, to begin with, in a more extreme form than is likely to be generally acceptable. This will make it possible for the delegation to compromise without losing its objective.

33. It very often happens that a constructive oral suggestion should be withheld until a committee has just about reached a dead end.

34. If two British Commonwealth delegations have spoken one after another in favour of a proposal, a Canadian speech in favour of the proposal is likely to be more effective if it is withheld until later in the discussion.

35. If the Canadian representative on a committee has found himself in fairly constant opposition to the Soviet representative, it is useful for him to seize any convenient opportunity which does present itself to support constructive proposals made by representatives of the Soviet bloc. If the Soviet representative on a committee is an expert on a question under discussion, the Canadian representative might help to draw him out in committee discussions and treat his opinion with great deference. (This will usually be the case on the legal committee and on drafting committees).

36. A question may emerge suddenly at a committee meeting on which the Canadian representative will want to consult the delegation before committing Canada one way or the other. One way of stalling a vote is to say, after the discussion has gone on for some time, that the issue raised is important, the discussion has been most illuminating and that, in the light of the discussion, no doubt all the members of the committee will want to think the problem over and consult with their delegations. If this does not work, it may be necessary to give a forceful brief speech, arguing that the international deliberative process is brought into contempt if representatives come to a meeting, listen to important arguments, and then vote in accordance with their original instructions without giving themselves and their governments an opportunity to reconsider the question in the light of the weighty arguments advanced in committee.

37. Occasionally a junior member of the delegation may find himself the spokesman of the delegation at a committee or at a sub-committee. Soviet delegates are not averse to trying to take advantage of a junior representative. A representative should always remember, therefore that, regardless of how junior his rank may be in the Canadian delegation, he represents the Government and people of Canada—a country with some considerable claim to have its voice heard in international meetings. Without being pompous, he should be dignified and firm and at the same time deferential to the members of the committee who are senior to him in age or rank; the proper combination of deference, dignity and firmness will gain him the respect and sympathy of the committee.

431.

DEA/211

*Introduction au Commentaire à l'usage de la délégation  
à l'Assemblée générale des Nations Unies*

*Introduction to the Commentary Prepared for the Use of the Delegation  
to the General Assembly of the United Nations*

SECRET

October 21, 1946

It has been thought wise to circulate to the delegates this introduction to the printed commentary. It contains material of a secret character which could not appropriately be included in the confidential commentary.

The introduction is divided into two parts. The first part discusses the use which the Soviet Union has made of the Assembly as a sounding board for propaganda and the counter-propaganda measures which the nations of the Western world might adopt. The second part contains some suggestions on how the nations of the Western world can, if they are forced to, build up the United Nations as an effective instrument for promoting stability, prosperity and equality in the world outside the Soviet Union and thus defend themselves against the present Soviet expansionist drive.

The introduction does not contain detailed comments on specific questions which may come up at the Assembly. These comments are contained in the printed commentary.

This document is the property of the Canadian Government. It is only for the personal information of the members of the Canadian delegation. In view of its secret character, special care should be taken to guard against the risk of its being read by anyone who is not a member of the delegation.

PART ONE

THE USE OF THE GENERAL ASSEMBLY FOR PROPAGANDA PURPOSES

1. The U.S.S.R., at Dumbarton Oaks and San Francisco, resisted the conception that the Assembly should provide a forum for the free discussion of the affairs of the world. They wanted severe limitations put on the powers of the Assembly to discuss and to recommend. They did not succeed in their efforts, and their representatives immediately adjusted themselves to the new situation. The Soviet Government had not wanted the kind of Assembly set up by the Charter, but, since this was the kind of Assembly which had been set up, it decided to use it for all it was worth as an instrument of Soviet foreign policy.

2. Although there do not exist in the Soviet Union political institutions in which there is free and unfettered discussion, Soviet leaders are experienced in using such bodies for their own purposes. Communist representatives in national legislatures, in trade unions, in popular front organizations and in democratic parties, have been accustomed to using the meetings of these bodies as platforms for propaganda; they have perfected the technique by

which a small, highly organized and able minority can secure key positions—and perhaps eventual control—of an organization by willingness to attend long and frequent meetings, by wearing the opposition down by tedious procedural debates, and by never admitting defeat. The Soviet Union is now treating the General Assembly of the United Nations as it treated these other bodies in the inter-war period.

3. The Assembly contains a well-organized, able and vociferous Communist minority, which uses the procedures of the Assembly to the utmost for purposes of propaganda in an effort to depict the Soviet Union as the defender of coloured peoples, dependent peoples, small countries, organized labour and (at times) ex-enemy peoples. At the London meeting of the Assembly, the Soviet bloc used every artifice to debate these issues and to force them to a vote. They did not appear to mind being defeated, but they wished to make all delegations go on record on the proposals to which they attached importance. Their arguments often were addressed not so much to the delegates in front of them as to the outside world. Through their own channels of propaganda, they have since made use of the position taken by the various delegations in London.

4. Having met with some success in London, the Soviet delegation is likely to adopt the same tactics at the next meeting of the Assembly. It will be presented there with numerous issues which are just to its taste—Spain, Palestine, trusteeship, India's complaint against South Africa, perhaps the whole disturbed Middle Eastern situation, perhaps China, perhaps the W.F.T.U. A series of propaganda victories for the Soviet Union at the October Assembly will serve to weaken further the United Nations. It will also weaken the ability of the democratic countries to resist the present Soviet expansionist drive.

5. The Soviet Union uses propaganda as a method of defence against possible anti-Soviet conspiracies by the outside world. This is a hangover from the real fears of the period when the Western powers were intervening in Russia or trying to establish a *cordon sanitaire* around it. The Western world should therefore patiently make every effort to remove Soviet fears and suspicions which are important contributing factors to its propaganda tactics. Nevertheless, it is important not only to the success of the United Nations itself but to the legitimate interests of the nations of the Western World, that the nations of the Western world should at the same time be prepared to engage in what is frankly a propaganda contest with the Soviet Union. If they do not, the Soviet Union will be able to pose as the principal defender of democratic rights and freedoms and will win a series of propaganda victories through deliberate misuse of language and confusing of issues. When there is no reply, or only a routine reply, to a barrage of Soviet casuistry, the impression is created in the minds of many people that there is no good answer to Soviet claims and charges. It is important to remove this impression so far as possible. Neither by letting the Soviet Union choose the ground for a contest nor by fighting only defensive actions can the

Western world succeed in countering Soviet propaganda. The Western nations should choose favourable ground and, when required, should be prepared to take the counter-offensive in appealing to the people in their own countries and in the states bordering on the Soviet Union who would otherwise be beguiled by Soviet propaganda.

6. Soviet propaganda is often irresponsibly opportunistic. But it would be a mistake to oppose that kind of irresponsibility with an equally irresponsible policy of toughness for toughness' sake. There is no merit in opposing Soviet views merely because they come from the U.S.S.R. Such a policy would only aggravate the feeling of the Soviet states that they are being treated as suspects and outcasts. This feeling will be strongly held in any event and cannot be removed except by the most abject renunciation of all principles held by the Western nations. Nevertheless, only harm will be done by irritating Soviet susceptibilities unnecessarily. What is called for is positive argument based on facts (which the Soviet Union frequently distorts), on democratic principle and values, and on the purposes and principles enunciated in the Charter of the United Nations. Firmness, fairness and honesty are the tactics best calculated to meet the situation.

7. The effectiveness of aggressive Soviet propaganda campaign may induce a feeling in some quarters that we should retreat from the concept of the Assembly as a public forum by demanding, for example, more secrecy in debates and committee meetings. To give full play to such a tendency would be a dangerous betrayal of democratic principles, and would allow the Soviet Union to pose as the champion of freedom of speech and of the press. It would also be ineffective in its purpose, since Soviet delegations are adept at semi-official "leaks", and reports convenient to Soviet propaganda would inevitably circulate. Distortion of both Western and Soviet policies would thus be still easier than at present. Our policy should recognize that, while susceptibility to dangerous illusion is the Achilles' heel of democracy, yet in a widespread and accurate public understanding lies our greatest strength.

8. This does not mean that it is advisable to have all discussions at the Assembly conducted in public. Occasions do arise where there is a prospect of a subject being examined with some moderation by the Soviet group if the discussions are carried on in private while, if a public discussion takes place, that group will feel compelled to take rigid positions, with the usual extravagant declarations, from which they cannot easily retreat. It is probably a sound general rule that the sub-committees of the main committees of the Assembly should meet in private and that more sub-committees should be set up than has been the custom in the past.

9. If the democracies, through fear of controversy or diplomatic politeness or sheer weariness of debate or a mere desire to curb debate, ignore the maxim that "truth is great and will prevail" and keep silent or shun the issues, they ask for more trouble. This has been clearly demonstrated at the Paris Conference. There the Western delegates curbed their tongues in an effort to curtail debate. Far from curtailing debate, this self-denying ordinance gave

the Soviet group unlimited opportunities for propaganda and misrepresentation which they availed themselves of to the full. It gave the delegates from the Soviet bloc the feeling that they could ride roughshod over the other delegates. The preponderance of the Slav group in debate made the others appear accommodating and timid when they rose briefly to make the formal statements that from time to time appeared necessary. It became evident at Paris that long-term controversies of the kind which now divide the Soviet world from the western world are not won by allowing the Soviet world to have a clear field.

10. The strategy which underlies the Soviet propaganda campaign appears to be based on a belief that anything which stimulates or aggravates disunity and discord between countries or within countries, in the non-Soviet world, is useful because it strengthens the relative world position of a zone rigidly co-ordinated by totalitarian control. In propaganda designed to aggravate disunity and discord, the U.S.S.R. makes peculiar use of such concepts as "democracy", "equality", "trade unions", "freedom" and "socialism". Similarly, great use is made of the words "fascist" and "imperialist". Campaigns on these lines are most successful if they make the Western powers appear to be reactionary.

11. The effectiveness of Soviet propaganda results partly from the Soviet skill in propaganda but mainly from the fact that the present governing classes of the Soviet Union are heirs of a great dynamic revolution which loosed constructive forces on the world in the way that the French Revolution did and the Italian fascist and German national socialist revolutions did not. The 1917 Revolution emphasized economic democracy, economic security, racial equality, freedom for national cultures, state planning; it rejected the theory of master races and the doctrine that minority races should be expelled from a state; it affirmed the wisdom and necessity of multinational states.

12. Towards some of these objectives—notably racial equality and freedom for national cultures—the Soviet Union has made real progress. In other cases slogans have been substituted for realities and an inspection of the facts behind the slogans reveals all the dismal apparatus of the totalitarian state. But even though the present governing classes of the Soviet Union may have betrayed the ideals of the 1917 Revolution, they can still rally support outside the borders of the Soviet Union by posing as defenders of those ideals. What is important in the short-run is not what the Soviet Union is but the picture of the Soviet Union in the minds of the discontented of the whole world.

13. The defence against Soviet propaganda is twofold—first, counter-propaganda and, secondly, the promotion of stability, prosperity and equality in the non-Soviet world. On the propaganda level, the Soviet challenge can best be met by drawing attention to the positive accomplishments of the democratic countries, rather than by analyzing the obvious weaknesses of the Soviet system.

14. Soviet propaganda should wherever possible be exposed. But Soviet spokesmen are skilled dialecticians and it is unwise to try to expose their

propaganda unless one is certain of one's facts and is speaking from a carefully prepared brief. Refutations of Soviet propaganda are most effective if given with restraint and backed by detailed knowledge. (The commentary which has been prepared for the use of the Canadian delegation to the Assembly contains material which can be used as the basis of such briefs).

15. In a propaganda battle the best cards are in the hands of the democracies if they are prepared to use them. Such battles should not be sought, but if they are forced on us it is possible that a demonstration of effective counter-attack would lead before long to a diminution of Soviet propaganda pressure, which would allow the United Nations to get back to its more immediate practical business at hand. If this is too much to hope for, a firm and determined defence would at least assure that we hold our own in the propaganda battles which less frank methods would inevitably lose.

## PART TWO

### THE BUILDING UP OF THE UNITED NATIONS AS AN EFFECTIVE INSTRUMENT FOR PROMOTING STABILITY, PROSPERITY AND EQUALITY

16. It is not, of course, enough for the nations of the Western world to use the assembly only as a sounding board for propaganda. In the long run the best defence in the United Nations against Soviet propaganda is for the Western nations to use the Assembly and the other organs of the United Nations to the utmost as agencies for promoting political and social stability and economic prosperity and for realizing racial equality and self-government for dependent peoples. The more constructive work which the Assembly, the Economic and Social Council, the Trusteeship Council, and the specialized agencies can do, the greater are our chances of avoiding war with the Soviet Union or of winning that war should it break out.

17. From the gravity of the present international situation and the sickness of the United Nations certain conclusions emerge. The first is that for Canada and, indeed, for all Western nations considerations of immediate national advantage or of national prestige should not be allowed to obscure the importance of long-range issues. It should be the aim of the Western democracies to strengthen the authority and prestige of the United Nations (which offers among other things the most effective protection against the Soviet policy of expansion), even although such action might entail the giving up of short-run advantages by individual Western nations.

18. The second conclusion is that, since the United Nations is already weak because of the present strained relations between the great powers, every care should be taken to avoid a further weakening as a result of bad decisions on its organization and administration and bad interpretations of its constitution.

19. Thus it is important that in elections to the Security Council, the Economic and Social Council, and other bodies of limited membership, states should, as far as possible, be chosen which have the greatest contribution to

make towards the effective discharge of the functions with which each body is charged. Similarly, it is important that the chairmen of the committees and the sub-committees of the Assembly should be chosen, as far as possible, on the basis of their personal competence to conduct meetings expeditiously and well. Most of the constructive work of an international meeting is done in committees and sub-committees. They are the creative bodies on the success of which a conference depends and incompetent or unscrupulous chairmen snarl their work and lower the prestige and effectiveness of the United Nations.

20. The effectiveness of the United Nations also depends in large part on the effectiveness of the international secretariat. It is therefore important that the independence of the secretariat be maintained and strengthened and that there be strict adherence to Article 100 of the Charter on the independence of the secretariat and to Article 101:3, which makes the "necessity of securing the highest standards of efficiency, competence and integrity" a "paramount consideration" and makes "equitable geographical distribution" only an "important" consideration to which "due regard" should be paid.

21. Since the Charter is difficult of amendment, (and since, as a constitutional document, it is couched in broad and somewhat imprecise terms) special importance attaches to the principles to be applied in the interpretations of its provisions. A meaning, of course, cannot be assigned to any provision of the Charter which the language used is not capable of bearing. Regard will also have to be had to the context in which provisions appear. On the other hand, wherever the precise meaning of a provision is doubtful, it should be interpreted in the manner best calculated to strengthen the authority and prestige of the United Nations, to promote its purposes, and to fortify its juridical, as distinct from its political or security, character. It is important, in these precedent-setting days, that provisions which in form detract from the authority of the United Nations are given a restrictive interpretation and that provisions which in form add to the authority of the United Nations or of its organs or officers are broadly interpreted. It is, for example, important that the veto rights of the individual great powers are given a restrictive interpretation and that the reservation of domestic jurisdiction is not given too broad an interpretation. Conversely, the provisions relating to the powers of the General Assembly under Article 10, or to the rights and duties of the Secretary-General under Article 99, should be broadly interpreted. Provisions of a general character (e.g., Article 102, concerning the registration of treaties and agreements) should, of course, be assigned as extensive a meaning as the language is capable of bearing.

22. There is always a tendency in international bodies to avoid decision on controversial problems by establishing new committees or commissions for the purpose of study and report to a later session. This practice is often useful and indeed essential. It presents, however, in present conditions, special dangers. A novel feature of postwar international planning has been the conclusion of agreements to establish a wide range of new international

organizations, at the same time retaining nearly all those in existence before the war except the League of Nations itself. Each of these international organizations in turn operates through a series of commissions and committees. Their multiplication has already confused even the best informed people and has bewildered the public in general. As the chances of eventual success of the United Nations must depend on continued public support and understanding, it is important that great care should be exercised in the reference to specially created bodies of problems on which the Assembly has not been able to reach agreement.

23. The United Nations, fifteen months after the signature of the Charter, is very much on trial and its interests would not be served by concealing the disappointment caused by its operations. Some of the specialized agencies which are related to the United Nations such as the World Bank and the International Monetary Fund, the International Aviation Organization, the Food and Agriculture Organization, and the World Health Organization, have indicated a broad promise of future usefulness. (Almost all these organizations have made progress without Soviet membership and with a minimum of fruitless debate). The Security Council, on the other hand, has lamentably failed so far in taking any constructive steps toward the discharge of the vital functions entrusted to it. In the minds of responsible people the question must now be present—although it has not yet been asked publicly by any national leader—whether it is worthwhile to continue the drama of frustration which the proceedings of the Security Council have presented from its first session in London in January onwards. It must be recognized that there is no chance of amending the Charter soon, and also that, even if it were possible to amend the Charter so as to constitute the Security Council on a more effective legal basis, in the present state of strained international relations between the great powers this would make little difference. The central difficulties in the operations of the Security Council—difficulties present also in the operations of the other organs of the United Nations—do not stem from constitutional defects in the Charter. They arise because the practice currently followed, not only by the Soviet Union and its satellites but also by other governments, is not in accord with the purposes and principles on which the Charter is based. For the effective operation of the United Nations, therefore, what is needed is a marked alteration in the climate of international relations.

24. No useful purpose would therefore be served by a frontal attack on the veto in this Assembly. The Assembly could, however, usefully review the way in which the veto has been used and attempt to curb the illegitimate use of the veto. The Canadian delegation, like many other delegations at San Francisco, swallowed the veto only after it had been sugar-coated by the assurances of the great powers that their special voting position would be used with a sense of responsibility and consideration for the interests of smaller states, and that therefore the veto would be used sparingly. The Canadian delegation also trusted that in due course the decisions of the

Council might build up a kind of common law which would eventually be incorporated in the Charter itself, and that in this way more satisfactory procedures might come to be established.

25. The veto has not been used sparingly and the decisions of the Council have built up a bad common law, not a good common law. The Assembly cannot correct this development by legislation. The most it can do is to adopt in formal terms a statement of what the Assembly considers to be the legitimate use of the veto under the present terms of the Charter. It might also express the hope that in the near future the veto should be restricted, by amendment of the Charter, to the one question of the application of sanctions instead of extending, as it does now, to a whole host of questions, including peaceful settlement, the nomination of the Secretary-General and the admission of new members.

26. In the near future the most that can be done at meetings of the United Nations is to strive to make the machinery work as smoothly as possible by supporting action along the general lines suggested above without expecting quick results or seeking ideal solutions. If the General Assembly can be made to function with dignity and reasonable despatch, and if it and other organs of the United Nations can perform limited tasks recognized as useful by public opinion and by governments, that is all that can be reasonably expected.

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*Extraits du Commentaire à l'usage de la délégation à la seconde partie de la première session de l'Assemblée générale des Nations Unies*

*Extracts from the Commentary for the Use of the Canadian Delegation to the Second Part of the First Session of the General Assembly of the United Nations*

CONFIDENTIAL

October 23, 1946

## ELECTIONS TO THE COUNCILS

. . . .

11. The Latin American states chosen for both Councils were agreed upon by the Latin group and supported by the Big Five. The same is true of the Arab representation. The great power slate for the Security Council was an agreed one and was adopted by the Assembly with the substitution of Australia for Canada. The great powers had reached complete agreement on the slate for the Economic and Social Council except that the Russians successfully supported Yugoslavia instead of New Zealand. Before agreement on the elections was reached among the regional groups and among the Big Five various bargains were made for future application of all of which we may not

yet be aware. Some of these bargains are expected to be completed in the elections this autumn, and these are referred to below in discussing the candidates.

12. Regionalism, combined with rotation of seats among the states members of the regional groups, is particularly dangerous to the success of the U.N. as well as being contrary, so far as the Security Council is concerned, to the express provisions of the Charter. It has already resulted in Syria being chosen as the Middle Eastern candidate for the Security Council, and in Colombia being the Latin American candidate for the Mexican seat. Both are states which have little military or economic force to contribute to the preservation of peace. The application of this doctrine also means that the Assembly is merely ratifying the decisions of regional groups.

13. From Canada's point of view the situation is especially serious. Since the United States is always on the Security Council, Canada can make no claim for membership on the basis of equitable geographical distribution. Canada belongs moreover, to no organized regional group, for the Commonwealth does not constitute a "region". If Latin America always has two seats on the Security Council, Western Europe one seat, Eastern Europe one seat, and the Middle East one seat, only one seat is left over for Canada, Australia, New Zealand, South Africa and India and for the other states which do not belong to one of the four regions. The argument will be made that that seat should go to a representative of the vast area lying south of China and of the Arab states, including South Eastern Asia, Africa, and Australasia.

14. Both on the ground of the general interest of the U.N. and on the ground of Canada's special interest, the developments which are taking place in elections to the Councils should be resisted; in particular, the general acceptance of the following four conventions would be undesirable:

(1) the convention that the Assembly can properly disregard in elections to the Security Council the principle of functionalism set forth in Article 23 of the Charter;

(2) the convention that a state is ineligible for election to the Security Council if it is already a member of the Economic and Social Council;

(3) the convention that a number of regions of the world have a right to be represented on the Council by a state designated by them no matter what the qualifications of that state may be; and

(4) the convention that only one member of the British Commonwealth, apart from the United Kingdom, should sit on the Security Council.

#### OCTOBER 1946 ELECTIONS

15. It is desirable to leave to the delegation at the Assembly a good deal of freedom of action in determining what states they should support for elections to the Councils. The succeeding paragraphs seek to indicate what would be a suitable result of the elections, in the light of available information.

*Security Council*

16. At present the six non-permanent members of the Security Council are:

For two-year term .....	Australia
	Brazil
	Poland
For one-year term .....	Egypt
	Mexico
	Netherlands

The Assembly will elect successors to Egypt, Mexico and The Netherlands. These states are not eligible for immediate re-election.

17. The Latin American Republics appear to have agreed on Colombia. The Arab states (Egypt, Syria, Lebanon, Saudi Arabia, and Iraq) have agreed on Syria and have secured the concurrence of Turkey and Iran. It is widely expected that Belgium will be the candidate of the Western European states for the succession to the seat of The Netherlands, though there may be strong opposition to a state being a member at the same time of both the Economic and Social Council and the Security Council.

18. Colombia and Syria have asked us to support their election and have been told that, while the Canadian Government will give sympathetic consideration to their request, the Government does not commit itself in advance to support any particular state seeking election to an organ of the U.N.

19. The United Kingdom Government is understood to have decided to support the election of Colombia and Belgium unless new considerations arise before the election. Their support of Belgium is conditional upon there not being a strong move to prevent a country from being at the same time a member of both the Security Council and the Economic and Social Council. The United Kingdom is inclined to accept the inevitability of a Middle Eastern representative; while they would have preferred Iraq or Turkey, they have decided to support Syria since it is the choice of the other Arab states. The preliminary slate of the State Department in Washington is exactly the same as that of the United Kingdom. The State Department disagrees with the view that the Middle East as a region should not necessarily be represented on the Security Council. They also would have preferred Turkey, but they have been informed that Turkey does not wish to stand for election. They are of the opinion that the pattern of geographical representation set by the original elections to the Security Council was a good one.

20. It is inevitable, in view of the large Latin American vote in the Assembly, that the Latin American Republics can successfully insist on the election of a respectable Latin American state at each annual election. Colombia is respectable enough, and there would be no point in opposing its election.

21. We would be serving neither our own immediate interests nor the interests of the U.N. if we were to give support to the view that membership

in one Council disqualifies a state, other than one of the Big Five, from membership in the other Council. This would mean that Canada would be ineligible for membership in the Security Council until its term on the Economic and Social Council expires in January 1949 (i.e., Canada could not be elected until September 1948). By limiting the choice of candidates for the Councils it would weaken the Councils. The Canadian delegation might therefore oppose any movement which may develop in the Assembly to disqualify Belgium for membership on the Security Council because of its membership on the Economic and Social Council.

22. Syria, next to the Lebanon, is the weakest candidate which the Arab states could put up for membership on the Security Council. It is weak not only in military power but in the calibre of the representatives it sends to international meetings. Thus the present might be a propitious time on which to oppose the principle that the Middle East has not only a right to be permanently represented on the Council but a right to be represented by whichever Middle Eastern state it designates. Since no Middle Eastern state which fulfills the first criterion of Article 23 is a candidate for the Security Council, support might well be given to another candidate, such as India, if India is ready to stand. India is potentially the strongest state in Asia outside of the Soviet Union and China, and it now controls its own foreign policy.

#### *Economic and Social Council.*

23. In October 1946, six members will be elected to the Economic and Social Council. The memberships of the following will terminate but they would be eligible for immediate re-election:

North America .....	United States
Latin America .....	Colombia
Eastern Europe .....	Ukraine
	Yugoslavia
Western Europe .....	Greece
Middle East .....	Lebanon

The continuing members of the Economic and Social Council will be:

For two more years: Belgium, Canada, Chile, China, France, Peru;

For one more year: Cuba, Czechoslovakia, India, Norway, U.S.S.R., United Kingdom.

24. Turkey, Mexico, Egypt and the Lebanon have asked us to support their election and have been given the usual reply. The United States naturally expects to be re-elected, and there is no doubt that the United States ought to be and will be re-elected.

25. The successor to Colombia is likely to be either Uruguay or Mexico. Both the United Kingdom and the United States would prefer Uruguay to Mexico. The reason given by the United Kingdom is that Uruguay has a better understanding of European questions. We could support either, but

Uruguay probably has somewhat the better claim since, unless it is elected, the predominantly agricultural states of South America will not be represented on the Council.

26. New Zealand tied with Yugoslavia in the elections which took place in January, 1946, and withdrew in order to break a deadlock. Both the United Kingdom and the United States intend to vote for New Zealand. The Soviet bloc may also support New Zealand, since it is believed that Mr. Fraser secured a promise to this effect last January. Canada could support New Zealand.

27. It is desirable that one member of the Soviet bloc be elected. The United Kingdom has agreed to support Byelorussia as successor to the Ukraine. The United States will probably support either Poland or Byelorussia. The Soviet Union will probably try to get Byelorussia elected and also one Soviet satellite—either Yugoslavia, Poland or Czechoslovakia—and the attempt may succeed. The United Kingdom is firmly opposed to the re-election of Yugoslavia. It would appear that the best Eastern European candidate for Canada to support would be Poland, but more information on the line-up is desirable before reaching a decision.

28. The election of:

United States  
Uruguay or Mexico  
New Zealand

Poland, Byelorussia, Czechoslovakia or Yugoslavia

would leave two seats to be filled.

29. The Netherlands is one of the states of major economic importance. It probably ranks with Canada immediately after the United States, the United Kingdom, the U.S.S.R., India and France. Of these states The Netherlands is the only one which is not now a member of the Council. The United States is prepared to vote for The Netherlands or Denmark. The United Kingdom would like to see The Netherlands elected, but believes that the Soviet Union would be unlikely to support The Netherlands and might be prepared to compromise by supporting Denmark or Sweden. In view of the very strong claims of The Netherlands for election to the Council, we might support The Netherlands on the first ballots. If it is unable to secure the necessary two-thirds vote, we could switch to Denmark or Sweden.

30. In a Council of eighteen members it is not unreasonable that the Middle Eastern states should have one representative. The field is apparently fairly wide open since the Arab bloc have not yet agreed on a candidate. The United Kingdom and the United States will probably support Turkey, and Turkey would seem to be the best fitted of the Middle Eastern states. We could therefore support Turkey, with Egypt as an alternative choice.

31. The Canadian contention has been that over half of the eighteen members of the Council should always be drawn from the dozen or so states

of chief economic importance, some of which should be steadily re-elected. Otherwise the Council will not be able to discharge its duties effectively. It is therefore desirable that the Assembly should as soon as possible establish the precedent of immediately re-electing a state which, though of major economic importance, is not one of the great powers. The October session of the Assembly does not, however, provide an opportunity for creating this precedent, as none of the retiring members except the United States is an important enough state to warrant re-election.

### *Trusteeship Council.*

32. It is possible that a sufficient number of trusteeship agreements may be approved by the General Assembly to permit the creation of a Trusteeship Council composed not only of the minimum of six non-elected members required under Article 86 of the Charter but also additional members, including perhaps two members elected for three-year terms. If all trusteeship agreements now in preparation are approved, the Trusteeship Council will be composed as follows—including, as will be seen, the five great powers (which will have permanent seats) and providing a membership equally divided between trustee and non-trustee states:

<i>Administering Authorities</i>	<i>Non-Administering</i>
United Kingdom	United States
France	U.S.S.R.
Belgium	China
Australia	Two elected members
New Zealand	

33. Should the election of temporary members be necessary, some thought should be given to the general balance of interests in the Trusteeship Council. The Permanent Mandates Commission of the League was composed, in the early thirties, as follows:

Nationals of mandatory powers .....	4
Nationals of colonial powers holding no League mandates .....	4
Nationals of states having no dependents .....	3
	—
Total .....	11

34. In the Trusteeship Council the eight permanent seats would at first be divided as follows:

States administering trust territories (United Kingdom, France, Belgium, Australia, New Zealand) .....	5
Colonial powers not acting as United Nations trustees (United States) .....	1
Great powers presenting themselves as champions of inhabitants of trust territories (U.S.S.R. and China) .....	2

35. To establish a proper balance in the Trusteeship Council the claims of the second category should be considered. The Executive Committee of the Preparatory Commission recommended the election of The Netherlands (a state in the second category) for a three-year term because of its long experience in dealing with dependent territories. If The Netherlands were to name Baron van Asbeck as its representative on the Trusteeship Council the Council would also benefit by the presence during its formative years of a man who was an active member of the Permanent Mandates Commission and who has had valuable experience in the technique of examining the annual reports of mandatory powers. It cannot be assumed, however, that Baron van Asbeck would be named to the post, and it is possible that the situation in the Netherlands East Indies might make it desirable to support another Western European state in place of The Netherlands. The Canadian delegation might support the candidacy of Denmark or Sweden, either as a substitute for The Netherlands or as a second Western European member. This would give the Trusteeship Council at least one "neutral" voice. If the Latin American states should press for a seat on the Trusteeship Council, Brazil would probably have the most to contribute in the role of a second "neutral" member.

36. If there is a strong demand to have in the Trusteeship Council one member directly representing a people whose independence has recently been recognized, the Canadian preference might be for India, Iraq, or Egypt. There will, however, be three British Commonwealth countries on the Council in any event and India's name should not be proposed unless there is a reasonable certainty that it would not be defeated. It would be unfortunate if India were defeated in an election so soon after the inauguration of the Interim Government. [pp. 15-18]

...

## THE VETO

...

### THE CANADIAN ATTITUDE

24. No very strong position was taken by Canada on the veto question during the San Francisco Conference. Although the Canadian delegation was against the application of the veto power to the peaceful settlement provisions of the Charter and therefore supported the original Australian amendment, it felt that the veto was not too high a price to pay for a world organization. When it became clear that the joint statement of the sponsoring powers interpreting the Yalta formula was the greatest measure of compromise obtainable, the Canadian delegation abstained from voting on amendments to the text.

25. Canada shared the desire of the majority of middle and smaller powers that a more flexible procedure be adopted to amend the Charter and, in deciding not to oppose the Yalta formula, clung to the hope, which proved vain, that the veto power might be removed from the amending process.

The assurances of the great powers that the veto would be used with a sense of responsibility and the consideration that the importance of formal voting arrangements for the Council was possibly exaggerated appeared to the Canadian delegation at the time to justify their decision not to oppose the Yalta formula.

26. The hope that the veto would be used sparingly continued to be held when the General Assembly met in London in January 1946, and was voiced by the Chairman of the Canadian delegation in his speech before the plenary session of the Assembly. In defending Canada's agreement to the veto right of the great powers on most important matters, the Canadian delegate asked whether the Charter itself was not a firm pledge, on which all the nations could implicitly rely, that the great powers would use their privileged position only as a sacred trust for the whole of mankind. So far events seem to have given a negative answer to this question.

#### CONCLUSION

27. Although it seems clear to all observers of the problem that no substantial progress can be made toward restoring to the Security Council its primary function of maintaining international peace and security until some means is found of avoiding unwarranted use of the veto, it is doubtful whether any one of the Big Three is actually willing to curtail the veto power.

28. The U.S.S.R., of course, can be expected to use all available means to prevent any modification of the voting formula. When Mr. Najera of Mexico spoke to the Security Council at the end of his term as President, he mentioned the growing public opinion in favour of revising the Charter in order to prevent the veto being extended to cases which do not really merit so drastic a measure. The Soviet delegate replied bluntly that any hopes that Mr. Najera might have of achieving important results from his statement were doomed to disappointment. Moscow has officially described the veto as a safeguard to prevent the U.N. from being used to "isolate" socialist countries and it appears fairly certain that the Soviet Union relies upon this power to restore the voting balance in the organization in its favour.

29. Although the use of the veto to date has always been against measures of which the United States and the United Kingdom were in favour, it is far from likely that these states would be willing to forego the veto privilege at present if they considered their vital interests threatened by a majority of the Security Council. However, the United States plan for an Atomic Development Authority, as proposed by Mr. Baruch, recognizes the impracticability of seeking to create an effective international security system unless the veto is eliminated. This plan, dealing as it does not only with the elimination of atomic warfare but of war itself, includes as an essential and central feature the doctrine that opera-

tion of the Atomic Development Authority must not be rendered ineffective by the right of any single state to block its action. Hence it proposes to take the control of atomic energy out of the hands of the Security Council, a proposal which has been countered by the equally strong Soviet insistence that the jurisdiction of the Council should cover atomic energy matters.

30. The Canadian Government has supported the United States position. In this statement to the House of Commons on December 17, 1945, concerning the Washington Declaration on Atomic Energy, the Prime Minister said:

As political problems affecting the relations of governments, the solution of the problems presented by atomic energy must be sought in the realm of world politics. The more deeply one ponders the problems with which our world is confronted in the light of the implications of atomic energy, the harder it is to see a solution in anything short of some surrender of national sovereignty. With a limited surrender of national sovereignty, there must be instituted some form of world government restricted, at least at the outset, to matters pertaining to the prevention of war and the maintenance of international security.

He went on to say that the U.N., as at present constituted, was not a sufficient answer to the present problems of peace and security and that the nations must not delay too long in welcoming "a measure of world sovereignty sufficiently effective to maintain international security and to end all possibility of war."

31. In what has been written above, there has been outlined the development of the veto question up to the present time. It does not seem likely that the discussions on the veto at the Assembly will bring much in the way of results. It would be naïve to suppose that the Charter would work smoothly if the veto provisions were wholly removed—and such a decision is out of the question in present conditions. An international organization with effective executive powers to enforce decisions could never be based on a voting arrangement in which each state counted as one and no state as more than one. The veto is a crude device intended to ensure in some measure that the influence of a great power in the organization should correspond to its importance in the world. As the Canadian delegation constantly pointed out at San Francisco, it was illogical to single out five powers only for this special treatment and to leave all the rest in the same position under the Charter, so that The Netherlands or Brazil or Canada have no more rights in the organization than Liberia or Haiti or Byelorussia. The conception that the relative importance of states should be reflected in the Constitution of the U.N. has been recognized in the Charter only by the special place accorded the permanent members of the Security Council (including both their permanent tenure and their veto right) and in the injunction to the Assembly to pay due regard to relative contribution in selecting the non-permanent members of the Security Council.

32. If an effort to remove the veto now from the Charter were to succeed it would destroy the U.N. If it proves possible later to improve these provi-

sions of the Charter, improvement will come, not from the simple removal of the veto power, but from the development in its place of some more effective and acceptable method of making the constitutional authority of the Member states inside the organization correspond more closely to their authority in international affairs.

33. This does not mean that it would not be useful to strive now for a limitation of the veto. The Canadian delegation, like many other delegations at San Francisco, swallowed the veto only after it had been sugar-coated by the assurances of the great powers that their special voting position would be used with a sense of responsibility and consideration for the interests of smaller states, and that therefore the veto would be used sparingly. The Canadian delegation also trusted that in due course the decisions of the Council might build up a kind of common law which would eventually be incorporated in the Charter itself, and that in this way more satisfactory procedures might come to be established.

34. The veto has not been used sparingly and the decisions of the Council have built up a bad common law, not a good common law. The Assembly cannot correct this development by legislation. The most it could do is to make more difficult the irresponsible use of the veto. It might, for example, adopt in formal terms a statement of what the Assembly considers to be the legitimate use of the veto under the present terms of the Charter. It might also express the hope that in the near future the veto should be restricted, by amendment of the Charter, to the one question of the application of sanctions instead of extending, as it does now, to a whole host of questions, including peaceful settlement, the nomination of the Secretary-General and the admission of new members. [pp. 31-33]

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#### MILITARY STAFF COMMITTEE

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9. The Assembly is constitutionally competent to discuss the work of the Military Staff Committee since, under Article 10, it may discuss any questions or any matters relating to the powers and functions of any organs provided for in the Charter and may make recommendations to the Security Council on such questions or matters. It is difficult at present, however, to forecast what kind of discussion could usefully take place in the Assembly on the work of the Military Staff Committee.

10. In any discussion in the Assembly on the work of the Committee Canada might well emphasize that, though the Committee is the special responsibility of the great powers, it is not their exclusive concern. Emphasis might also be given to the right which other members of the U.N. have to be associated with the Committee under Article 47:2 of the Charter, and that this right must not be curtailed by the use of an individual great power veto. While recognizing that the members of the secretariat of the Committee will be charged, if the Committee does any useful

work, with dealing with highly confidential material, the Canadian delegation might urge that the secretariat of the Committee should form part of the Secretariat of the U.N. in accordance with Article 97. The delegation might also seek for information on the steps which the Military Staff Committee and the Security Council have taken on the order given in the Charter that the special agreements under Article 43 "shall be negotiated as soon as possible on the initiative of the Security Council". [p. 38]

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## INDIA'S COMPLAINT ABOUT SOUTH AFRICA

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### ATTITUDE OF CANADIAN DELEGATION

29. Too broad an interpretation of the domestic jurisdiction reservation is not in the interests of the U.N. If the reservation is given a very broad interpretation, any member of the Assembly could veto discussion by the Assembly of a wide range of matters of great international importance. The reservation is in fact one of several "jokers" in the Charter which could be used to justify violations of many of the declared purposes and principles of the U.N. A refusal to consider the substance of India's complaint by taking refuge behind this clause of the Charter would leave the field to the Soviet Union in this round of the battle which is now being waged between the Soviet Union and the Western world for the sympathies of coloured and colonial peoples of the world.

30. The issue presented by this complaint is an embarrassing one, especially for the delegations from Commonwealth countries. The happiest solution would be an agreement between India and South Africa to settle the dispute by direct negotiation, and thus to remove it from the agenda either before or as a result of a discussion in committee. There can be little doubt that the Indian Government has grounds for complaining over the treatment in South Africa of persons of Indian race, and they have resorted to the U.N. only after having failed to secure satisfaction by negotiation. On the side of South Africa it can be argued the Indian complaint relates to matters within their domestic jurisdiction. Their restrictions on the ownership of land by Indians, however much they may depart from the purpose of the Charter quoted in paragraph 22, are analogous to some of the restrictions imposed on Asiatics in British Columbia and are caused, of course, by the same racial feelings.

31. Unless the issue is withdrawn from discussion, the Canadian delegation is likely to have to take some delicate decisions. In so far as the Indian complaint alleges a violation of an inter-governmental agreement on the part of the South African Government, it would be difficult to maintain that this part at least of the complaint is ultra vires of the Assembly under the domestic jurisdiction clause. The best course for the delegation is probably to seek to exercise a moderating influence both behind the scenes and in discussion, and to try to persuade both parties that they are likely

to go further and fare better if they refrain from precipitating a battle of a nature admirably designed to serve the interests of the Soviet bloc rather than their own. [p. 57]

## SPAIN

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### CANADIAN INTERESTS

28. The United Kingdom Government have kept us fully informed of their policy and of their exchanges of views with the other great powers. They have not requested our comment and we have offered none. Canada voted for the resolution on Spain adopted at the San Francisco Conference on June 19, 1945, and for the similar resolution adopted by the General Assembly on February 11, 1946. The Canadian Government is thus on record as favouring the removal of Franco.

29. Canada has no diplomatic mission in Spain although there is a Spanish Consul General in Montreal. In September 1945, the Spanish Government through the Duke of Alba, the then Spanish Ambassador to the United Kingdom, approached the Acting Canadian High Commissioner (Mr. Hudd) in London on the question of raising the Spanish Consulate General in Montreal to be a Legation in Ottawa, stating that the Spanish Government would welcome an exchange of diplomatic missions. On October 27 the Acting High Commissioner informed the Spanish Chargé d'Affaires in London that the Canadian Government was not prepared to receive a diplomatic mission from the present Spanish Government and that this decision was based on grounds of general policy.

30. Recently the Canadian Government has appointed Mr. L. S. Glass as Acting Consul General and Trade Commissioner in Lisbon. Mr. Glass was also named Trade Commissioner for Canada in Spain. The Spanish Government requested that, in addition to being named Trade Commissioner, Mr. Glass should be designated Canadian Consul General in Spain. This request was refused by the Canadian Government.

31. In July 1946 informal approaches were again made by the Spanish Government. They were informed that there had been no change in Canadian policy, i.e., Canada was not prepared to exchange diplomatic missions with the present Spanish Government or to appoint a Canadian Consul General in Spain.

32. Canadian trade with Spain has not been a large factor in our external trade. In 1945 the value of this trade was as follows:

Imports from Spain to Canada .....	\$4,353,475;
Exports to Spain .....	\$ 991,587.

In 1935, the last "normal" year, the figures were:

Imports .....	\$1,374,755;
Exports .....	\$2,626,984.

33. As Canada has no direct diplomatic relations with Spain, the question of withdrawing Canadian representatives does not arise. Canada's interest in the Spanish problem derives, therefore, from our general interest in the peaceful adjustment of an explosive international situation. [pp. 63-64]

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#### CO-OPERATION BETWEEN THE ECONOMIC AND SOCIAL COUNCIL AND THE TRUSTEESHIP COUNCIL

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##### CANADIAN ATTITUDE

6. The Canadian delegation at San Francisco welcomed the decision of the five powers to recommend the creation of a Trusteeship Council as one of the principal organs of the U.N. instead of setting up a trusteeship commission subsidiary to the Economic and Social Council, which had been the original plan of the United Kingdom delegation. It was felt that the body which supervised the administration of trust territories should report to the full General Assembly rather than to a body composed of only 18 members. At the coming session of the General Assembly, however, the Canadian delegation could support any arrangements which will facilitate close and smooth working relations between the Trusteeship Council and the Economic and Social Council.

7. In all discussions of the work which the Economic and Social Council may do for dependent peoples it is important to distinguish clearly between the three classifications into which such peoples are divided. The first are inhabitants of trust territories, and for the welfare of all such peoples the Trusteeship Council will assume a special responsibility. The second category of dependent peoples, referred to in Chapter XI of the Charter, are inhabitants of non-self-governing territories outside the trusteeship system. The co-ordination of reports on the welfare of the people of these territories is a function of the Secretary-General, who is expected to rely on the Economic and Social Council and the specialized agencies for advice and assistance in making the provisions of Chapter XI of the Charter effective.

8. The third group of non-self-governing peoples includes those who are found within the borders of sovereign states. No reports concerning the development of these peoples are required by the U.N. Unenfranchised Indians and Eskimos of Canada fall within this category, as do unenfranchised Indians, Eskimos and Negroes in the United States, the majority of the population of Algeria and special groups in several other countries, not excluding those which have a Soviet form of government. These groups are not mentioned in Chapters XI, XII or XIII but come under the provisions of paragraph 3 of Article 1 of the Charter.

9. A United Kingdom delegate pointed out during the first part of the First Session of the General Assembly that the work of the Economic and Social Council, the I.L.O. and the specialized agencies would largely depend

on the building up of standards of health, labour, nutrition and education and the economic and agricultural development of non-self-governing peoples within the boundaries of sovereign states as well as in colonial dependencies. Accordingly, although it is not likely that any firm decision can be made in the Economic and Social Council regarding assistance to be given the Trusteeship Council before the latter has begun to function, the Canadian delegation should not feel that there need be any delay in considering the means by which the Economic and Social Council itself can aid dependent peoples in the second and third categories mentioned above. [pp. 75-76]

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## AGREEMENTS WITH SPECIALIZED AGENCIES

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### POLICY OF CANADIAN DELEGATION

21. It seems that the Economic and Social Council will present to the Assembly not "concluded" but "draft" agreements. At the Second Session of the Economic and Social Council, Canada supported the Soviet line that the agreement with the ILO spelled out in too great detail such matters of procedure as exchanges of documents, etc. (see Para. 8). While we would not be debarred from raising the issue again at the Assembly (in so far as all the agreements are concerned), it may be unwise to reopen the issue at the Assembly because it might result in a time-consuming argument in view of Mudaliar's attitude in the Council. To raise the issue in relation to the ILO agreement might be particularly unwise since it might provide the Soviet Union with an occasion for reviving the debate on the questions of principle involved in bringing the ILO into relation with the U.N. On the other hand, these agreements may set a pattern for future agreements and it is clearly undesirable to put too much detail (which will require amendment) in a basic document of this nature. Consequently the Canadian delegation should strive for a simplification of the agreements if this can be accomplished without long debate and a postponement of the conclusion of the agreements.

22. The proposals submitted by the Bank<sup>1</sup> (Para. 19 above) do not seem to meet the requirements of Articles 57 and 63 of the Charter since they would not result in bringing the Bank into relationship with the U.N. in any real sense. An effort should therefore be made to persuade the Bank to accept a compromise between their proposals and the kind of agreement negotiated with the ILO, FAO, and UNESCO. This compromise might be classed an "interim" agreement. It would certainly be less detailed than the other agreements but it should not be meaningless. The Economic and Social Council could be instructed by the Assembly to continue its negotiations with the Bank in an effort to bring down an agreement at the 1947 Assembly.

<sup>1</sup> Banque internationale pour la reconstruction et le développement.

<sup>1</sup> International Bank for Reconstruction and Development.

23. The question of relations in budgetary matters is covered by Article 17(3) of the Charter which states that the Assembly

- (a) shall consider and approve any financial and budgetary arrangements with specialized agencies . . . and
- (b) shall examine the administrative budget of such specialized agencies with a view to making recommendations to the agencies concerned.

24. The Preparatory Commission was of the opinion that it was not intended that these provisions should confer on the Assembly power to control the policies of the specialized agencies, but that their purpose was to encourage and develop a large measure of fiscal and administrative co-ordination "in the interest of greater efficiency and economy in operation for the entire structure composed of the U.N. and of the specialized agencies related to it." The Preparatory Commission went on to say:

Each specialized agency would benefit from a close scrutiny by the General Assembly of the administrative budgets of all such agencies. Member Governments required to share the increasing costs of international organizations would be assured that precautions had been taken against avoidable duplication of effort and expense. The first part of paragraph 3 of Article 17 envisages varying degrees of relationship, from complete financial integration downwards, and the second part . . . the minimum degree of relationship which should be included in the agreements with the specialized agencies.

25. The Canadian delegations to the Economic and Social Council and the Assembly should press for the effective carrying out of the second part so that the Canadian parliament and people can be assured that we have done all we can to ensure economy and effective control of the expenditures of international organizations of which Canada is a member. [pp. 96-97]

#### ECONOMIC AND SOCIAL COUNCIL

14. If, therefore, the subject of W.F.T.U. participation in the U.N. is again raised at the October Assembly, as the Soviet delegate has indicated it will be, the resulting debate — whatever the final decision — is almost inevitably calculated to be a propaganda victory for the Soviet Government and a propaganda defeat for the Western democracies.

15. Apart from the possibility that a proposal may be made to alter and extend the existing provision for consultation with the W.F.T.U., it is possible that the Soviet Government may directly or indirectly put forward requests at the coming Assembly for participation by certain non-governmental international bodies with claims to represent very significant international groups. There has been evidence of particular Soviet or Communist party interest and influence in an international youth organization and an international women's organization, and in plans for creating a world association of scientists. The intended constituent body in Canada of the latter is the Canadian Association of Scientific Workers, the Executive of which, accord-

ing to the recent report of the Royal Commission on Espionage, was composed in large part of secret Communists most of whose names also figured in the espionage documents of the Soviet Military Attaché's Office.

16. In general, while the encouragement of genuinely representative international non-governmental organizations is obviously desirable, it will probably be wise to scrutinize very carefully the character and credentials of all non-governmental bodies seeking special recognition or facilities from the U.N.

17. If the question of still more extensive provisions for participation in the U.N. for the W.F.T.U. or other non-governmental bodies is again raised, and if the Canadian delegation decides to oppose this, it may be considered desirable to base this opposition on grounds more explicit and more forward-looking than most of the grounds put forward hitherto. The following consideration may be helpful.

18. Canada would welcome proposals calculated to associate the peoples of the world more directly with the activities of the U.N. and would not be opposed to such changes in the Charter as may be found necessary to meet new needs in a changing world (see in this connection Mr. St. Laurent's speech to the Assembly in January 1946, and the Prime Minister's speech in the House of Commons on December 17, 1945, on the Atomic Resolution). The direction in which Canada would wish to see the U.N. develop is towards an effective world authority with an Assembly representative of the peoples of the world.

19. Proposals to increase the special representation in the U.N. of selected interest groups on a corporative basis would appear to lay the foundation for an evolution in a very different direction. An analogous proposal in the national field would involve constitutional representation of occupational groups as such in national legislatures. This was typical of the fascist so-called "corporative state." The use which the Nazis made of functional organizations in the development of fascist "fifth columns" will also not be forgotten. There is always some danger, in special formal recognition by the U.N. of non-governmental bodies, of encouraging the growth of propaganda pressure groups, which would offer tempting prizes to the surreptitious growth of totalitarian machine controls.

20. The U.N. must be careful to avoid being put in the impossible position of having to assess competing claims and to scrutinize the credentials and representative character of private organizations claiming to represent various sections of the world's population. There are not agreed standards for comparing the membership figures of these private organizations or for determining their representative character or the representative character of their delegates. Such assessment and such scrutiny could not be carried out effectively as it would inevitably involve trespassing on the domestic affairs of Member states. The problem of establishing satisfactory criteria for the admission of states to membership in the U.N. is difficult and the scrutiny

of the credentials of representatives of states can raise embarrassing questions but these difficulties and embarrassments are not as great as those which would arise in the case of non-governmental organizations.

21. While therefore recognizing that non-governmental functional organizations have a useful role to play in international life and that consultation with them will from time to time be desirable for appropriate specialized organs of the U.N., it seems desirable that caution should be exercised in this matter. It is clearly essential that the right of speaking or voting in major U.N. organs should in principle be reserved for the official representatives of peoples organized on a geographic basis, that is, in the well-recognized democratic manner. And while the Economic and Social Council should be free at all times to consult non-governmental organizations, as provided under Article 71 of the Charter, it should not be unduly fettered in advance or bound to permanent consultation on any too rigid basis with particular non-governmental bodies. [pp. 102-103]

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#### REFUGEES

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#### FINANCIAL PROVISIONS: CANADIAN VIEW

14. Throughout these discussions the Canadian Government has urged a solution of the refugee problem on the basis of as wide a measure of international co-operation as could be secured. Canadian delegations have taken part in the deliberations of all the conferences at which the subject was considered during the year 1946, and in these gatherings and in public statements elsewhere, the Canadian Government has stated that Canada would be prepared to support an international body for the solution of the refugee problem. The constructive role played by Canadian delegations in these conferences, particularly by Mr. J. G. Turgeon, the Canadian delegate to the Special Committee, was indicated by the election of Mr. Turgeon to the chairmanship of the Committee on the Finances of the International Refugee Organization which met in London during July.

15. In practical terms Canadian support for a refugee organization will mean the provision of funds and the acceptance of refugees for resettlement in Canada. The expenditure of the International Refugee Organization for 1947, as estimated by the Economic and Social Council, is \$160,850,000; \$4,800,000 for administrative expenses; \$151,050,000 for Part 1 of operational expenses (i.e., for operations other than resettlement); and \$5,000,000 for Part 2 of operational expenses (i.e., for resettlement).

16. The major item in the budget is for the care and maintenance of displaced persons in camps. This item is based on an optimistic estimate that in the year 1947 the number of displaced persons will be greatly reduced from the present figure of 830,000, this reduction being due to normal shrinkage and individual departures as well as to organized emigration, repatriation and re-establishment.

17. The scale of contributions provisionally proposed by the Committee on Finances called for a Canadian contribution of 4.362% of the administrative expenses and 4% of the operational expenses. (These estimates are not binding on the Governments represented on the Committee.) The Canadian contribution for the year 1947 under this scale would thus amount to about \$6,500,000.

18. The suggested percentage scales of contributions for the other principal states are:

	Part 1	
	Operational	Administrative
United States .....	43	24.614
United Kingdom .....	15	14.771
U.S.S.R. ....	6.00	6.892
France .....	3.20	5.602
China .....	1.75	6.400
Australia .....	2.50	2.875
Argentina .....	3.65	2.983
India .....	3	4.391
Brazil .....	2	2.983
South Africa .....	2	1.989

19. In assessing the scale for Part 1 of the operational budget, the Committee adopted the basis of the UNRRA administrative scale, with adjustments for two factors: relative national and per capita income; and the exceptionally difficult financial situation of states formerly under enemy occupation. This scale was adopted on the understanding that it should be reconsidered in the light of the decision of the General Assembly on the report of its Standing Committee on Contributions.

20. The scale for Part 2 of the operational budget (i.e. resettlement) is generally based on the same scale as Part 1. The Committee decided that countries of origin of displaced persons (i.e., the Slav states) should be assessed a purely nominal contribution of .05% of the budget. Even this proposal was not acceptable to the Soviet, Polish and French delegates, who contended that contributions for resettlement should be on a voluntary basis.

21. The scale of contributions for the administrative budget was compiled on the basis of the scale of advances to the Working Capital Fund of the U.N. This scale was also adopted subject to the report of the General Assembly's Standing Committee on Contributions.

22. There have been complaints from a number of states that the provisional budget of the International Refugee Organization is far too extravagant and that the scale of contributions is not equitable. The opinion has also been expressed that the organization is too unwieldy in its present form.

23. The Canadian Government has made reservations with regard to the suggested Canadian financial contribution. The main reason for concern is the proposed relationship between the contributions of Canada and the United States. Under the proposals, the ratio between the Canadian and

United States contributions is 1 to 5.6 for administrative expenses and 1 to 10 for operational and resettlement expenses. The ratio between the populations of the two countries is 1 to 12 and the ratio of national incomes is 1 to 16 or 17. It would thus appear that Canada is being asked to bear a disproportionate share of the financial burden, and this disparity is of considerable importance in view of the size of the total budget.

24. The Canadian Government, however, did not press its objections to the scale of financial contributions during the discussions at the Third Session of the Economic and Social Council. It wished to avoid a bitter and protracted debate on finances which would give an opening to those who wished to see the organization fail. Moreover, the position of the Canadian Government was protected by the provision in the report of the Committee on Finances that the scales of contributions for both the operational and the administrative expenses should be reconsidered in the light of the report of the Standing Committee on Contributions as accepted by the General Assembly. The Canadian delegation to the Third Session of the Economic and Social Council was therefore content to reserve Canada's position on the scale and amount of the financial contributions, while at the same time insisting on the necessity of establishing adequate budgetary control and accounting responsibility.

25. It is undesirable that a delay in settling the basis of contributions should delay the establishment and functioning of the organization. Moreover, some working capital will be necessary if the organization is to commence operations. Consequently, the Canadian delegation to the Economic and Social Council was instructed to support any reasonable arrangement that might be put forward for the interim financing of the organization pending the final decision on the scale of contributions. It was understood, of course, that this interim financing, whether it takes the form of a working capital fund or otherwise, should not be considered a precedent nor prejudice in any way the basis of contributions to be ultimately decided upon. One suggestion which was considered by the Canadian authorities, but rejected, was that states which accept refugees and assist them in becoming established should be credited with a certain amount per head against their contribution to the International Refugee Organization. The disadvantage of this proposal is that it is unlikely that it would influence to any significant extent the immigration policy of the various states which may take refugees, while on the other hand such an allowance would upset the budget of the I.R.O. and make even more difficult the problem of financing as a whole.

26. On September 17, the Canadian delegate to the Third Session of the Economic and Social Council, the Hon. Paul Martin, presented the Canadian point of view on the general question of refugees. Mr. Martin pointed out that Canada was willing to assume its fair share of the burden of the I.R.O. but reserved the Canadian position on the scale and the amount of the Canadian financial contribution. After outlining the action already taken by Canada

with regard to the refugee problem (see below), Mr. Martin emphasized Canada's strong opposition to the compulsory repatriation to their countries of origin of genuine refugees who are neither war criminals, quislings, nor traitors. Subsequently Mr. Martin was appointed chairman of the Sub-Committee on Refugees which was charged with considering the draft constitution of the I.R.O.

27. The nature and extent of the direct assistance which Canada should make to the resettlement of refugees has not yet been determined. Canada has, however, already taken some steps which have relieved the refugee problem. Some 3,500 persons who had been granted temporary refuge in Canada during the war were permitted by order-in-council in 1945 to apply for permanent residence. Changes were recently announced in the Canadian immigration regulations by which additional categories of relatives of Canadian residents were made admissible to Canada as immigrants; as transportation improves it is expected that a large number of people now in Europe, including many in displaced persons camps, will gain admission to Canada as a result of these new regulations, and of a simplification of the passport regulations, which accompanied them. Four thousand veterans of the Polish army are also being admitted for agricultural work in Canada on the understanding that all who make good will be permitted to remain in Canada.

28. The Canadian attitude to the suggestions that states capable of receiving immigrants should agree to accept specific numbers of refugees is that the Canadian method of regulating immigration by the definition of categories of persons admissible, without the imposition of numerical limitations, would make it difficult for Canada to agree to specific quotas. A more effective contribution by Canada might be through the modification of existing regulations rather than through participation in a plan for the acceptance of quotas of refugees. Moreover, while the simultaneous announcement by several states that they are prepared to accept a specific number of refugees would doubtless have a useful immediate political effect, the practical effect might be limited since experience has shown that many states would probably not in fact live up to their commitments. [pp. 110-112]

## WORLD FOOD BOARD

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### POLICY OF THE CANADIAN DELEGATION

#### *The International Emergency Food Council*

21. The Canadian Government has co-operated fully in the work of the Combined Food Board and will naturally continue to support its successor, the International Emergency Food Council. Our system of centralized marketing through the Canadian Wheat Board and the other controls still in existence constitute an exceptionally effective means of carrying out the recommendations of the Council.

*Other Means of Improving World Food Supplies and Their Distribution*

22. *International allocation of cereals:* Since supplies to meet the deficit must come chiefly from North America, and since the marketing methods now pursued in the United States are not such as to permit of firm programming more than a month ahead, the burden of a system of international allocation would fall chiefly on Canada. International allocation is therefore not favoured. The Canadian delegation might take the stand that since it is the countries of North America, i.e. Canada and the United States, which dispose of the greater part of present exportable surpluses, the close co-operation through the International Emergency Food Council and the monthly programming now practised gives fully as good results as would be obtained by international allocation.

23. *Increase in acreage planted to wheat:* At the time when the 1946-1947 crop was being put in, it was felt that any further increase in wheat acreage would be at the expense of coarse grains and consequently have an adverse effect on the other parts of the food programme such as meat and dairy production. Wheat acreage nevertheless did go up from approximately 23½ to 26 million acres, with the expected effect upon the production of livestock feed. The Canadian delegation would be well advised, therefore, to emphasize the wisdom of all-round planning of food production and point out the dangers of one-sided expansion.

24. *Increase in the extraction rate for flour:* A somewhat similar position exists in this case, since an increase in the extraction rate lessens the supply of mill feeds for livestock. Moreover, owing to the comparatively small part of the Canadian crop milled in Canada, an increased extraction rate here increases the world's exportable supply of flour very little. It was owing to these considerations that last spring, when the crisis was at its height, the Canadian Government chose to cut down by 10% on the supplies of wheat released to the domestic trade rather than to raise the extraction rate.

*The World Food Board*

25. If the issue should be raised again at the U.N. Assembly, the Canadian delegation would do well to stress the interest of the Canadian Government in the stabilization of prices and rationalization of supply and to urge the need for early and full consideration of the best means to achieve this end. The World Food Board itself should be regarded as one proposal among the others which demand examination. [pp. 115-116]

## TERMINATION OF UNRRA

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## SURVEY OF GENERAL CONSIDERATIONS AND POLICY

6. The course of discussions at the UNRRA Council meeting in Geneva during August, at the Food and Agriculture Conference in Copenhagen (September 2nd to September 16th), in the Sub-Commission of the Economic and Social Council on the Reconstruction of Devastated Areas, and in the

Economic and Social Council itself, have indicated that pressure from needy countries for some kind of post-UNRRA relief arrangements will be heavy. It is probable that the United States will suggest the appointment of a small expert committee to determine relief needs after UNRRA comes to an end and will endeavour to discourage a general debate on the procedure necessary for meeting relief needs, on the ground that this cannot easily be determined until after the needs are known.

7. The United States Government is reluctant to give consideration to the machinery which may be required to administer relief, since it is most strenuously opposed to anything resembling a "little UNRRA". At the present time the State Department is prepared to consider nothing larger or more elaborate than a committee of the three supplying governments, the United States, the United Kingdom and Canada. The Canadian delegation could properly support moves intended to secure a major share of control in relief matters by the supplying countries, but might be prepared to agree to the establishment of a small committee of the Assembly to consider the report of the committee of experts. For that purpose, a committee of seven might be large enough. The Committee might include only those supplying countries willing to contribute further to relief when the need is demonstrated and possibly two receiving countries.

8. Behind the whole problem of relief lies the political problem of relations between the Soviet world and the Western world. The concept behind UNRRA was essentially that "relief should be divorced from politics"—a principle based on the hypothesis of close political co-operation between the two worlds. Many of the expectations based on this hypothesis have been disappointed, with the practical result that the Western democracies have been extending charity to states in Eastern Europe whose political policies have, from the Western point of view, been most unsatisfactory. There is, moreover, some evidence to support the view that these policies tend to become increasingly hostile to us as the internal position of the Soviet group becomes more closely knit. These melancholy considerations are undoubtedly playing some part in the evolution in the United States and elsewhere of opinion on relief, and on the related problem of foreign loans, and the view is gradually gaining currency that foreign economic policies, including especially such matters as credits and relief, should not be dissociated from overall strategic and political policies [pp. 119-120]

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#### TRUSTEESHIP

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#### CANADIAN ATTITUDE

#### *States Directly Concerned*

12. During the first part of the First Session of the General Assembly the Canadian delegation proposed that any Member of the U.N. which considered itself directly concerned might so notify the Secretary-General, who in turn

would notify the Member that had declared an intention to place the specified territory under the trusteeship system. It would be the responsibility of the latter Member to consider any claims it might receive and to report on the action it had taken to the General Assembly at the time when it submitted the trusteeship agreement for approval. The United Kingdom Government is following the course suggested in the last part of the Canadian proposal and hopes to reach full agreement with the United States before the General Assembly convenes.

*The "Open Door"*

13. At San Francisco the Canadian delegation took the position that in dealing with problems of trusteeship on which the United Kingdom and United States were divided its general aim should be to help work out an acceptable accommodation between their views. If issue was publicly joined between the two delegations on the question of non-discrimination in trust territories, however, the Canadian delegation was to take no part. In principle Canada was prepared to forego any special advantages it enjoyed from preferential régimes in dependent territories under Commonwealth administration, but the Canadian delegation would not participate in any move to force the United Kingdom from a publicly taken position in this respect to which it attached a certain importance. The policy adopted by the Canadian delegation at San Francisco would continue to be applicable if, contrary to expectation, any issue the United States delegation might raise concerning monopolies should fail to be settled by direct negotiation.

*Canadian collaboration in general questions*

14. Although as representatives of a non-colonial power Canadians took no active part in drafting Chapters XII and XIII of the Charter, they have been ready since the San Francisco Conference to expedite the implementing of measures to which Canada has now agreed. Thus in the Preparatory Commission it was the Canadian delegates who took the initiative in drafting a complete revision of the provisional rules of procedure for the Trusteeship Council to bring them into conformity with the rules of other organs. [p. 129]

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PALESTINE

...

THE CANADIAN ATTITUDE

23. The Canadian Government has not intervened in the Palestine controversy. It understands the reasons for the intensity with which both sides have put forward their claims—those of the Arabs being based on the League Covenant and those of the Jews on the Palestine mandate in which the Balfour Declaration is incorporated. It does not seem likely, however, that a lasting settlement in Palestine will be achieved through reliance by either side on emotional appeals addressed to the public opinion of the world as a substitute for a study of the realities of the situation in the Middle East. Advocacy by

outside nations of the claims of either side might tend, indeed, to retard in some measure the establishment of a régime which would bring peace to Palestine. The increasing activity of moderate Zionist and Arab leaders during August and September suggests that it may not be beyond the scope of Arab and Jewish statesmanship to find with the aid of the United Kingdom a working arrangement which both communities will accept.

24. Should the Palestine issue be discussed in any detail in the General Assembly, the Canadian delegation might support requests which may be made that a hearing should be given to spokesmen of the three groups to whom guarantees were offered in the Balfour Declaration, viz., the Zionists, the Arabs and those non-Zionist Jews who may feel that their rights and position in any country other than Palestine have been adversely affected.

25. Any policy for Palestine on which agreement seems not impossible might be welcomed. It would not, however, seem to be wise to promise support in advance for any of the particular schemes proposed, viz., federation, partition, the principle of bi-nationalism or a unitary state. Opportunities may arise to strengthen trends toward agreement among those whose interests are chiefly concerned, and there will undoubtedly be occasions for throwing Canada's influence on the side of moderation and against the publication of inflammatory statements whose only practical effect is to multiply international misunderstandings. Unless immediate partition and statehood are agreed on, it is also likely that the majority of the delegations will support the early substitution of a trusteeship agreement for the present mandate, since machinery for the supervision of mandatory administrations no longer exists. [p. 137]

## ORGANIZATION AND ADMINISTRATION OF THE UNITED NATIONS SECRETARIAT

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### THE CANADIAN ATTITUDE

4. Canada, at San Francisco and in London, has urged that the Secretariat should be a truly international civil service and that, to quote from the report of the Canadian delegation to the first meeting of the Assembly, "The clear language of the Charter, in which the necessity of securing the highest standards of efficiency, competence and integrity is the paramount consideration in the selection of the staff, should be strictly adhered to." Canadian delegations have taken a leading part in securing the acceptance of this concept in the Charter and in the various resolutions adopted in London on the Secretariat and have put forward numerous constructive suggestions in the form of papers or in discussion.

### RECOMMENDATIONS ON POLICY

5. From the documents available it is not possible to predict any major issues that are likely to engage the attention of the Assembly in this field.

Rather can it be expected that the appropriate committee will be called upon to consider a number of questions which, while perhaps of not outstanding importance individually, nevertheless will be of considerable significance in the long run when taken together. The problem of the greatest significance may well be that of recruitment of the Secretariat, since the policies so far adopted have given rise to considerable criticism. The Secretariat is still in a formative stage and the decisions taken by the next meeting of the Assembly will affect its growth and development to an important degree. The approach of the Canadian delegation could therefore be along the following lines:

(1) Consistent support could be given to the concept of a truly international civil service.

(2) Because of the importance of this concept and because of the past record of Canadian contributions to its discussion, the delegation could be prepared to take a leading part in the appropriate committee, putting forward constructive proposals as the occasion arises.

(3) Particular attention could be given to securing the observance of the language of the Charter which provides that "the paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence and integrity." While "due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible", this is clearly a secondary and subsidiary consideration. This point is likely to crop up from time to time. For example, in the first report of the Advisory group of experts on administrative, personnel and budgetary questions there appears the following section regarding recruitment in the initial stages:

It may be that a ratio of distribution of posts related to the ratio of Members' contributions may afford a rough "rule of thumb" guide until an effective system is evolved.

This interpretation of the Charter is open to criticism.

(4) On the other hand, it must be recognized that the long-run interests of the U.N. would not be served by insisting that the only criterion should be the immediate efficiency and competence of a candidate. The Secretariat ought to contain qualified men from all the U.N. Every effort should therefore be made to get men of promise from such countries as the Latin American Republics, the Slav and Arab states and China, and train them so that they may become efficient. Canada was mainly responsible for the proposals in the Preparatory Commission's report on "in-service training" and on the necessity of using modern methods of personnel selection rather than relying on old-fashioned written examinations. The Canadian delegation could continue to stress the importance of these proposals.

(5) Any steps to increase the influence of national governments in recommending or vetoing appointments could be resisted as inconsistent with the concept of an international civil service.

(6) Proposals for an international civil service commission and for an administrative tribunal could be carefully examined in the light of the general principles set forth above. [pp. 141-142]

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#### ANNEX "B"

##### LOANS OF CANADIAN GOVERNMENT EMPLOYEES TO THE UNITED NATIONS

1. The Canadian Civil Service Commission is unwilling to approve any general policy of giving government employees leave without pay to join the staff of the U.N. In their view this would result in a serious drain on government departments, because of the higher salary scales of the U.N.

2. It is therefore up to each department to decide whether it is prepared to loan an employee to the U.N. This was done by External Affairs in the case of T.W.L. MacDermot. The Department continues to pay him his salary and is reimbursed by the U.N. who also pay him the balance required to bring his compensation up to the U.N. level. The disadvantage to the department is that no vacancy in the department is created by this arrangement and it is impossible to obtain a replacement on its establishment.

3. It is understandable that individuals should want to combine the higher salary scales of the U.N. with the security of a permanent civil service post in Ottawa. It is equally understandable that government departments should resist this effort to make the best of two worlds, and should take the line that, if civil servants want to work for the U.N., they should sever their connection with the Canadian Government so that they can be replaced. Again, the U.N. can plead a valid case that the loan of able civil servants familiar with the transaction of public business would be of great assistance in getting their administration properly organized. In view of these conflicting claims it is not easy to formulate a clear-cut policy, but the most reasonable line for the Canadian delegation to take appears to be as follows:

(1) We recognize that the U.N. has great need of first-class people and that, although there is the whole world to choose from, there is a natural tendency to seek these people from existing government services because they are experts in international problems and experienced in the transaction of public business, and they are more likely to be personally known in governmental circles than are people from the business and professional world.

(2) On the other hand, there is an urgent demand in Canada for skilled public servants and the Canadian Government depends on a relatively small civil service to cope with its difficult postwar problems.

(3) It is therefore not feasible for the Government to adopt a policy of wholesale loans of personnel to the U.N.

(4) Nevertheless, the Government is anxious to do what it can to assist the U.N. and is prepared to loan personnel temporarily in exceptional cases. This has already been done. It is also prepared to give sympathetic considera-

tion to proposals that individuals now in the Canadian public service should take up positions with the U.N. and other international organizations. This has also been done. Although no senior civil servants have gone to the U.N. itself, the Canadian Government has established a good record in releasing two deputy minister to specialized agencies—Dr. Finn to the Food and Agriculture Organization and Dr. Chisholm to the World Health Organization.

(5) A continued dependence by the U.N. on personnel from the public services of Member states is not going to be very productive since most governments face the same shortages of qualified people. What is really needed, and where the long term emphasis should be laid, is better recruitment policies designed to appeal to non-governmental circles. [pp. 143-144]

BUDGETARY AND FINANCIAL ADMINISTRATION OF THE U.N.

21. In their preliminary discussions the Committee were faced with the question of whether a ceiling should be imposed on the contributions of any Member state. While the imposition of such a ceiling would depart from the main intention of relating contributions solely to capacity to pay, it was recognized that undue dependence on any one state, through its contributions of a disproportionate share of the finances, might not make for the most effective type of international co-operation. Also, the United States, the state most directly concerned, might find it politically inexpedient to contribute too large a share of the overall budget.

22. As it was felt that questions of this type would necessarily have to be decided by the Assembly, rather than by the Committee, several alternative scales showing the effect of no ceiling and of ceilings set arbitrarily at 25, 30 and 35% were prepared for consideration of the Assembly, with the following results:

Ceiling	Canadian % Contribution	U.S. % Contribution	Approximate Ratio
(a) None	2.49	49.07	1 to 19.5
(b) 35%	3.18	35	1 to 11
(c) 30%	3.42	30	1 to 9
(d) 25%	3.67	25	1 to 7

The normal ratio of Canada's national income to that of the United States is 1 to 16.

23. In the past there has been a tendency to over assess Canada. Under the I.L.O. scale (now up for revision), Canada contributed the absurd proportion of one third of the United States allocation. (The reason was that the United States, when it joined the I.L.O. in 1934, did so on condition that it pay no more than the largest contributor, the United Kingdom). In the initial scale of allocations to the working capital fund of the U.N. Canada contributed more than one-sixth of the United States' allocation. In its contributions to other international organizations, except UNRRA, Canada's share

has invariably been disproportionate to its relative national income. (The special problem of the financing of the proposed International Refugee Organization is dealt with in the memorandum on refugees.) Accordingly, it will be noted that if no ceiling is imposed the situation will be a distinct financial improvement over the past from a Canadian point of view. In view, however, of the strength of the political arguments in favour of a ceiling on the contribution of the United States, the Canadian delegation should feel free to support the establishment of a ceiling if there develops a general feeling in the Assembly that a ceiling would serve the interests of the U.N. Since the main concern of the Canadian delegation will be to use its best efforts to ensure that the Canadian allocation bears an equitable relationship to that of the United States and other states such as Argentina and Australia, which might be considered in a position comparable to that of Canada, a ceiling in the neighbourhood of 40% would seem to be not unreasonable. In any event the Canadian delegation should oppose a reduction of the United States contribution to below about 35%. (Comparative statistics showing the national and per capita incomes of various states are attached as Annex† to this note.)

24. The comparative figures for national and per capita incomes have already come under criticism from the United Kingdom and the U.S.S.R. who have argued that, as they were computed on a 1938-40 base, they do not adequately reflect the increase in national productivity arising out of economic changes which occurred in countries like the United States and Canada during the war. While it would be fruitless to deny the validity of this contention, the Committee has used the best information available, and attempts are now being made to meet this criticism.

25. However, this problem emphasizes the type of difficulty which will probably be encountered when the recommendations of the Committee are discussed by the Assembly. Even if they are accepted in principle, efforts may be made by individual states to improve the basis on which their allocations have been computed. For instance, in addition to criticisms of the type already registered, some states may argue that their economic dislocation or war damage is greater than that of others and justifies their relative positions in the groupings being altered. In other cases, the official exchange rates, which admittedly do not reflect the relative real purchasing power of the various currencies, may come under criticism. However, these are difficulties inherent in the type of information available. The statistics used were the most reliable that could be obtained, and, therefore, unless the evidence presented clearly indicates that a state is receiving inequitable treatment, the Canadian delegation should, in general, oppose revisions designed to improve the relative position of individual states.

26. It may be that certain of the states, in order to justify their requests for an alteration in the basis for contributions, may contrast their position with that of more fortunate states such as Canada which, they may say, has become financially and economically stronger as a result of the war. To help meet

such arguments Annexes II and III are attached† giving as accurate a compilation as can be made of data on such matters as the budgetary cost of the war to Canada, the wartime increase in our national debt, the extent of our gifts to other allied governments, the volume of our military relief payments and our contributions to UNRRA. It would be unwise to use these statistics except as a counter-argument in case the Canadian position is under attack as their introduction would introduce material extraneous to that on which the Committee on Contributions has based its recommendations. [pp. 148-149]

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#### ECONOMIC SANCTIONS—THE NECESSITY OF CANADIAN LEGISLATION

1. Article 41 of the Charter states that the Security Council may call upon the Members of the U.N. to apply measures not involving the use of armed force to give effect to its decisions. "These may include complete or partial interruption of economic relations by rail, sea, air, postal, telegraphic, radio and other means of communication, and the severance of diplomatic relations."

2. The King, upon the advice of his Canadian Ministers, may sever diplomatic relations with any state. However, while it is within the royal prerogative to sever diplomatic relations, the prerogative could not be regarded as extending to the interruption of economic relations with another state pursuant to a decision of the Security Council. Legislation by the Canadian Parliament will therefore be required before measures of this nature could properly be taken; the Canadian Parliament is competent to enact such legislation.

3. Following World War I, the Canadian Parliament passed the Treaty of Peace Act, 1919 which provided that the Governor in Council could make such Orders in Council and do such things as appeared to him to be necessary for carrying out the treaties of peace including the Covenant of the League of Nations, but no such Canadian legislation exists with respect to the Charter of the U.N.

4. There is little likelihood of sanctions being imposed against any state by the Security Council in the near future. It seems, however, to be desirable that the government should have power to give immediate effect to any action demanded by the Security Council under this article, since we are bound by the Charter to do so and delay while awaiting the passage of special legislation by Parliament would be hard to explain in a time of crisis.

5. It will therefore be necessary to secure Parliamentary approval for a bill to equip the Government with the necessary authority.

6. The United Kingdom Parliament have passed the United Nations Act 1946 (Chapter 45 of 9 and 10 George VI) which in effect authorized the United Kingdom Government to discharge its responsibilities under Article 41 of the Charter by the passing of appropriate Orders in Council. [p. 171]

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## PROPOSED INTERNATIONAL PRESS CONFERENCE

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## RECOMMENDATIONS ON POLICY

12. There are two main problems arising from the Philippine resolution for the holding of an International Press Conference—the timing of such a conference and the nature of its membership.

13. With regard to timing, the holding of such a conference in the near future would afford the press an opportunity to state their grievances which, since 1939, have undoubtedly caused difficulties in the sphere of international relations. The holding of such a conference would also aid governments in framing their policy on these questions. On the other hand, an examination of the statements and proposals mentioned above indicates the wisdom, before holding an International Press Conference, of trying to narrow the existing profound differences of opinion on the meaning of the terms “freedom of the press” and “responsibility of the press”. The Sub-Commission on Freedom of Information and of the Press refers to the rights, obligations and practices which should be included in the concept of freedom of information. The World Congress of Journalists stresses press responsibility as well as press freedom, while Mr. Kent Cooper of the Associated Press and Sir Keith Murdoch at the 1946 Imperial Press Conference stress freedom, apart from responsibility.

14. The recent public controversy over the freedom of the press between Mr. Byrnes and Mr. Molotov at the Paris Conference is an indication of how controversial a topic this has become. The demand for the freedom of the press as voiced in the West is one aspect of the effort to break through the “iron curtain” which separates the Soviet world from the West. Consequently an International Press Conference held in the near future, before preliminary investigations have been made, might well develop into a bitter and barren controversy over the degree of freedom possessed by the press in the West and in the U.S.S.R. At Copenhagen, for example, a Soviet journalist stated that no country had so much slander written about it as the U.S.S.R. and that it was “a false freedom which poisoned, slandered and sowed seeds of disension between nations.” He also stated that in the U.S.S.R., freedom of the press was granted by the Constitution. Soviet statesmen may well regard the western demand for freedom of the press as an attempt to reach the people of the Soviet Union over the heads of their government in a fashion detrimental to the rulers of that country.

15. It might therefore be the wiser course to delay the calling of an International Press Conference, possibly until the end of 1947, when the Sub-Commission on Freedom of Information and of the Press will have reported to the Commission on Human Rights and to the Economic and Social Council on its examination of the concept of freedom of information. The Sub-Commission might also include in its report the different points of view of the various Members of the U.N. on the question of the freedom and

responsibility of the press. The Sub-Commission's report should be prepared from the point of view of the proper extent of governmental responsibility for the free flow of news and information and should also cover the topics listed in paragraph 8 above.

16. While the Sub-Commission is carrying on its enquiry from a governmental point of view it might also stimulate two other enquiries to be undertaken simultaneously by foreign correspondents and international news agencies respectively. These two groups, in addition to formulating their ideas on "freedom of the press", would, of course, have to deal with their responsibilities to governments and to peoples, just as the Sub-Commission should deal with the responsibilities of governments to journalists, news agencies and publishers.

17. Then on the basis of the reports of these three enquiries the Sub-Commission on Freedom of Information and of the Press could draft a convention for discussion at an International Press Conference to be held possibly at the end of 1947. If this is an intergovernmental press conference, the convention approved of by the conference could be submitted direct to governments for ratification. However, if it is a conference of news agencies, newspapers and newspapermen, the convention drafted by it would have to be submitted either to a special intergovernmental conference or to the General Assembly of the U.N., and the resulting convention submitted to governments for ratification.

18. Another problem arising out of the Philippine resolution is the nature of the membership of an International Press Conference. The Philippine proposal is that the conference should be an intergovernmental one, in which each national delegation would give "adequate representation . . . to representative organizations of the press, both managerial and professional, of the country of origin". However, it might be argued that it would be better if the initial conference was not a conference of governments represented by mixed delegations, but rather a professional press conference on the lines of those summoned by the League of Nations in the decade before the Second World War. A professional conference would give the press an opportunity to air their grievances and would also assist governments in formulating their policy. On the other hand, an intergovernmental conference, composed of representatives of governments as well as of working newspapermen and publishers would have the merit that it would not only provide the press with an opportunity to air their grievances, but would also force the press to accept responsibility for suggesting concrete practical remedies. An intergovernmental conference would also save considerable time, as pointed out above in paragraph 17, since the convention which it approves could be submitted direct to governments for their ratification.

19. Because of existing profound differences of opinion on the meaning of the terms "freedom of the press" and "responsibility of the press", it seems advisable that a number of preliminary investigations be made before an

International Press Conference is held. Therefore it seems on the whole desirable that the U.N. Sub-Commission on Freedom of Information and of the Press immediately examine what rights, obligations, and practices should be included in the concept of freedom of information, and at the same time stimulate parallel inquiries by foreign correspondents and international news agencies, with a view to drafting a convention for discussion at an International Press Conference to be held, possibly at the end of 1947. [pp. 194-195]

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DEA/211

*Le consul général à New York au secrétaire d'État par intérim  
aux Affaires extérieures*

*Consul General in New York to Acting Secretary of State  
for External Affairs*

TELEGRAM 56

New York, October 29, 1946

SECRET AND PERSONAL. ASDEL No. 38. Following for Pearson from Reid, Begins:

1. I am afraid that I have not been doing very well in keeping you in touch with developments down here but now that the delegation has shaken down I hope to be able to do better in the future.

2. On the whole, everything is going along very well. The delegation meetings are harmonious and the members as a whole are participating in the discussions at the delegation meetings. They are also working hard. The clerical staff is working too hard.

3. We have got our allocations to the Committees settled, at least temporarily, and the Parliamentary members of the delegation seem each to be happy about the assignments which have been given to them. The only change made from the last list of assignments which we had prepared in Ottawa was to move Mr. Coldwell from the Administrative and Budgetary Committee to the Social Committee and Mr. Bracken from the Social Committee to the Administrative and Budgetary Committee. (Côté tells me that he is tele-typing you today the list of Committee assignments).† The delegation is now broken up into Sub-Committees composed of the members of the delegation on each of the Committees. These Sub-Committees have all by now had a number of meetings.

4. The preparation of Mr. St. Laurent's speech to the Assembly has caused us quite a lot of headaches. The innocuous speech which we prepared in Ottawa might not have been too bad if presented in the first day or so of the plenary sessions, but after the forthright speech of Noel-Baker, there seemed to be unanimity in the delegation that we ought to take a stronger line our-

selves. I hope that you agree that the final version of the speech is a considerable improvement. Côté tells me that he has teletyped it to you.<sup>1</sup>

5. I shall be trying to see the British today to find out what their latest line is on elections to the Councils. A few days ago I got from them a pretty distinct intimation that they are trying to get London to change their instructions on elections to the Security Council. They are reluctant to vote both for India and Syria and my present guess is that their slate will be Colombia, Belgium and India.

6. The reason for the Foreign Office decision was clearly, I think, that the United Kingdom intend, for understandable reasons, to keep in with the Arab bloc by voting for Syria and to keep in with India by voting for it.

7. While the delegation has not come to any final decision and will not do so, of course, without clearance with you, I think that the general feeling is that our slate should be Colombia, Belgium and India. The arguments which you have put forward against India are strong. There are, however, strong arguments on the other side. India, if defeated this year, will almost undoubtedly stand for election next year. Our chances of being elected next year may, therefore, be greater if India is elected this year. The new Indian Government, as is apparent from Mrs. Pandit's speech to the Assembly, is going to try to balance itself nicely between the Western and Soviet worlds. Consequently, it will be difficult to contend a year from now that India gives a second Commonwealth vote on the Security Council. Moreover, India's election would mean that India, South Africa and New Zealand could make no claim on geographical grounds next year for election to the Security Council.

8. Noel-Baker told us last week that the British are contemplating supporting the admission to the United Nations of all the eight applicant States. You will remember that the Americans put this proposal up to the Security Council and the British opposed it then and it was turned down. We discussed this matter this morning with Mr. St. Laurent and I think he feels that on balance we ought not to give support to the United Kingdom suggestion. If the Assembly were to accept the United Kingdom suggestion it would pretty well mean that the Assembly had decided that any State that applies for membership should be admitted. This would be contrary to the terms of the Charter. It might also make it more difficult for us to resist applications from more of the Soviet Republics for separate membership in the United Nations. My guess is that the Soviet aim is to try to secure a one-third vote in the Assembly so that they will be able to veto in the Assembly all proposals of importance since all such proposals require a two-thirds vote.

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<sup>1</sup>Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, Séances plénières de l'Assemblée générale, quarante et unième séance plénière, 29 octobre 1946, p. 825-829.

<sup>1</sup>See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Plenary Meetings of the General Assembly, Forty-first Plenary Meeting, October 29, 1946, p. 825-829.

9. Our proposal for economizing the time of the Assembly is meeting with heavy weather. Unfortunately, the Russians seem to believe that it is aimed at them. Wilgress may try in the next day or so to have a talk with Manuilsky and try to persuade them to take a more favourable view of our proposal. The General Committee in its report, which it is making to the Assembly on the allocation of the items on the agenda to the various Committees, has allocated our item to itself. It may be that Mr. St. Laurent will, in debate in the Assembly on this report of the General Committee, argue that this reference to the General Committee is unnecessary and that the Assembly should, without further reference to a Committee, be asked to vote on our resolution calling for the setting up of an ad hoc Committee to frame proposals to the Assembly at this session on how it might economize the time of future sessions.

10. Since the Russians have deliberately tried to confuse the issue by pretending that we have formally proposed a number of specific measures to economize the Assembly's time, we have made it clear in the formal resolution, which we have had circulated, that all we are asking the Assembly to approve is the establishment of an ad hoc Committee. (A copy of this resolution was teletyped to you yesterday). †

11. We have been sounded out by the British on whether we would be prepared to designate a Canadian to serve on the nine-member Advisory Committee on Administrative and Budgetary Questions. You will remember that Hume Wrong was asked whether he would not take on the Chairmanship of this Committee and had to turn it down. The Department of Finance told us some months ago that they could not provide anyone. It seems to me, therefore, that we will have to stay off the Committee unless we are, in the near future, appointing, as permanent representative to the United Nations, someone who would be a first-class member of this Committee. If we were going to make such an appointment soon then I think our interests, as well as those of the United Nations, would be served by his being a member of the Committee, since it would bring him into very close touch with the work of the whole Secretariat.

12. I sent you yesterday a letter<sup>1</sup> about our draft resolution on the Pacific Settlement of Disputes by the Security Council.

13. I was delighted to learn from Maryon<sup>2</sup> today that you are hoping to pay us a visit in the middle of November. I do hope you can make it and that you will be able to stay for more than just a day or so.

14. I hope that the cares of the Department are not pressing too heavily on you. Maryon tells me that you are getting to the office at 8:45. That is a good idea as long as you do not follow Norman's<sup>3</sup> habit of staying until 7:45 p.m. Ends.

<sup>1</sup> Document 505.

<sup>2</sup> Mme Pearson.

<sup>3</sup> N. A. Robertson.

<sup>2</sup> Mrs. Pearson.

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*Le consul général à New York au secrétaire d'État par intérim  
aux Affaires extérieures*

*Consul General in New York to Acting Secretary of State  
for External Affairs*

TELEGRAM 72

New York, October 31, 1946

ASDEL No. 46. Headquarters site.

The United States delegation, reversing the position which they took at London, intend to take an active part in discussions about the site. They feel that, on grounds of expense and of creating adverse public opinion, Westchester County would be undesirable. They may take the initiative in raising this question and, in any event, it seems clear that the whole problem will be reopened. This will permit consideration of alternative sites in the United States. The United States delegation is firmly committed to keeping the site in the United States.

The Canadian delegation is taking the line, for the time being, that the Assembly has settled on the Westchester area and that we have no intention of going beyond the matter of selecting one of the five Westchester sites. However, if on grounds of economy and of making for better relations between the United Nations and United States public opinion, there appears to be a general desire to consider other sites, we feel that we should not oppose this move.

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DEA/211

*Le secrétaire général, la délégation à l'Assemblée générale  
des Nations Unies, à la deuxième direction politique*

*Secretary-General, Delegation to the General Assembly  
of the United Nations, to Second Political Division*

SECRET

New York, October 31, 1946

Dear Mr. Riddell,

1. The Secretary of the South African delegation invited members of the Canadian delegation to attend a small Commonwealth discussion Tuesday evening, October 29th, at 9 p.m., at the Waldorf-Astoria. The subject to be discussed was the incorporation of South West Africa.

2. At the meeting were present representatives of all the Commonwealth delegations. Field Marshall Smuts was in the chair and were present, among others, Mr. Philip Noel-Baker, Sir Hartley Shawcross, Mr. Makin (Australia), Sir Carl Berendsen (New Zealand), Senator Robertson, Mr. McIlraith, a number of representatives and advisers from other delegations, and myself.

3. At the outset, the Field Marshall indicated that in his opinion this was the first of a series of Commonwealth meetings to be held in New York, in continuation of the series held at San Francisco and the Paris Peace Conference. He considered that they were a very useful means of interchange of ideas among that group of nations which has the greatest experience in international collaboration throughout the world. It was not a question of "ganging up" on other nations but the world situation at the present time is a most critical one and the Commonwealth has to deal with very serious matters, a responsibility which it must discharge in the hope of making a useful contribution. The Commonwealth has a great rôle to play and it may be able to do something towards avoiding a "collision" between the two greatest powers.

4. The question of South West Africa was not mentioned (to his delegation's and our surprise), but he discussed Mr. Molotov's speech which he thought was very "mischief-making", coming as it does towards the end of the debate without much of an opportunity for reply, since the United States (against whom he felt the speech was largely directed) had probably set their speech and were unable now to change it. (Incidentally, in his conversation with Sir Hartley Shawcross before the meeting, he suggested that possibly Mr. Byrnes should fly to New York to make the speech in rebuttal).

5. Mr. Noel-Baker pointed out that the representative of Australia still had to speak and that, though he had been pushed off the list by the President of the Assembly in order to allow Mr. Molotov to speak, this may have been providential as it would allow Mr. Makin, if he could see his way clear so to do, to make a reply. Mr. Makin thought that his speech would give some satisfaction and he was consulting to see what changes could be made. Sir Hartley Shawcross suggested that three points should not go unanswered:

(a) The challenge by Molotov that certain powers were increasing armaments—the question to ask is, What powers are increasing armaments, certainly the United States and the United Kingdom have been reducing their armaments;

(b) The challenge that some powers have expansionist views—the question would be, What powers have expansionist views? Soviet Russia, since the beginning of the war alone, has incorporated into its territories another 24 million inhabitants;

(c) The suggestion by the Russians for disarmament and control of the atomic bomb—those have been the suggestions which have been made by ourselves before and if we have not been able to achieve them, who has prevented it?

6. The meeting was about to break up at the call of the Field Marshal when Senator Robertson expressed the view that, without prior reference to his delegation, he would say that the best approach would be to welcome those policies expressed in Molotov's speech which we have advocated in the past and which are now forced upon the Soviet by world opinion. Indeed, the Chairman of our delegation had that day spoken on the urgent necessity

for disarmament before Mr. Molotov had mentioned it. The Field Marshal disagreed with this view; he said that after the last war he was a fervent proponent of disarmament but that after 1918, we (speaking of the Western powers) had thoroughly disarmed while another power had armed. Mr. Noel-Baker indicated that we are all bound to reduce armaments under the Charter and that the Military Staff Committee must prepare a plan for the regulation of armaments. The international control of atomic energy is but one phase of the entire regulation of arms. One could not say we shall control the atomic bomb and allow the type of wars which have occurred before. (Sir Hartley Shawcross, however, seemed to nod approval to Senator Robertson's suggestions).

7. Mr. Makin, however, respectfully differed from the Canadian view, as did the Field Marshall who in his rather brusque manner concluded the meeting.

8. I spoke with Professor Bailey (Australia) and he rather agreed with the soundness of the Canadian view on the subject. My own feeling is that among some of the leaders of the Commonwealth group (especially from South Africa and Australia), there is a rather strong "diehard" feeling which is not sufficiently flexible to permit us to rebut Soviet propaganda and to turn their arguments to our advantage.

9. This last view was very much borne out during the general discussion in our delegation meeting yesterday morning where the political members agreed with Senator Robertson's stand quite thoroughly and Senator Haig proposed that Mr. St. Laurent should be present at any of these "high-powered" Commonwealth meetings.

E. A. CÔTÉ

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DEA/211

*Le conseiller, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Adviser, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

SECRET

New York, October 31, 1946

Dear Mr. Pearson,

Yesterday morning's meeting of the delegation was not unnaturally devoted almost entirely to a discussion of Mr. Molotov's speech of the previous day. Mr. St. Laurent, Mr. Martin, Mr. Coldwell and Senator Haig all participated in the discussion.

What was significant about the discussion was that they were in substantial agreement and Mr. Bracken, although he did not take part, did not express dissent.

There was profound gloom about our chances of avoiding war with the Soviet Union. However, even on the basis of the most pessimistic calculations of the chances of war and the most cynical interpretation of Soviet policies, it was agreed that for the present proposals made by the Soviet Union allegedly in the interests of world peace should be treated as if they were made with sincerity. To reject Soviet proposals which on their face appeared to have merit would be to play into the hands of the Soviet Union.

The Soviet Union was clearly attempting to undermine the loyalty to their own governments of peoples in the western world. Their propaganda was directed not merely at communists or semi-communists but at liberals with a small "l". The Soviet Union made proposals which emphasized objectives which were eminently desirable—such as outlawry of the atomic bomb and general reduction of national armaments. If the western powers were to appear to disagree with those objectives the ordinary person would find it hard to understand.

Therefore the western powers should take Soviet proposals such as those on disarmament and expand them. They should demonstrate that it was they, the western powers, which were the initiators in making proposals for outlawing the use of modern methods of mass destruction.

The western powers must reject a narrow conception of strategy based on concepts purely of military power. The Soviet Union was hoping that their most effective weapon against the western powers in the event of war or apprehended war would be divisions of opinion among the peoples of the western countries. Mr. Molotov, in his speech to the Assembly, had given a clear indication of this and had by implication threatened that if the United States dropped an atom bomb on the Soviet Union it would find itself faced at home with something close to civil war. We must therefore recognize that what we are engaged in is a campaign of psychological warfare with the Soviet Union for the minds of the people of the western world.

In the course of this discussion various suggestions were made about the kind of reply which could most usefully be made by the representatives of the western powers to Mr. Molotov's speech. These suggestions cover very much the same ground as was covered by Mr. Austin in the first part of his speech to the Assembly yesterday. This new part was added after Mr. Molotov's speech. I am enclosing a copy of this part of Mr. Austin's speech. †

I am told by a member of the United States delegation that agreement was made on this additional section by 3:30 yesterday morning. It is a very considerable achievement of which the United States deserves to be proud to be able to secure clearance of this reply to Mr. Molotov in the brief period which elapsed between the conclusion of his speech and the early hours of the following morning.

Yours sincerely,

ESCOTT REID

437.

DEA/211

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 61

Ottawa, November 1, 1946

SECRET AND PERSONAL. DELAS No. 40. Following for Reid from Pearson.

1. Thanks for your teletype No. 56 of the 29th. Glad to know things are going well. I think Mr. St. Laurent's opening statement was a good one and comment up here has been favourable.

2. I am still worried about elections to the Council. I feel pretty certain India will be defeated this year. If she stands next year and we also desire to stand, then once again we may possibly be squeezed out by another Commonwealth State. No matter what the new Indian Government may think, I feel certain that in the minds of most of the member states, India will be regarded as a Commonwealth candidate. If she is elected this time, our position is, I think, prejudiced next year. If she is not elected, and runs again, we will also be in a more difficult position.

3. I agree that the blanket election of all applicants for membership would be unwise and I do not see how we can support the United Kingdom suggestion. If Trans-Jordan is eligible for election to the United Nations, any pseudo-state is, and this will play right into the hand of the Soviet.

4. I am afraid that we will not be in a position to designate a suitable Canadian to serve on the Advisory Committee on Administrative and Budgetary questions if a nomination has to be made at this Assembly.

438.

DEA/211

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State  
for External Affairs*

TELEGRAM 112

New York, November 6, 1946

SECRET. ASDEL No. 75.

1. Mr. Bevin invited Commonwealth delegations to meet him this morning for an hour's discussion. Spain and the veto were considered.

2. *Spain.* Bevin covered familiar ground in saying that while everyone detested Franco, we must avoid action leading to civil war and must try to strengthen moderate and progressive forces in Spain. Breaking of diplomatic relations would be a useless gesture, while economic sanctions would place special burdens on the United Kingdom, as a country which would have to play a large part in enforcing them (re-imposition of navicerts). More-

over, a decision by the United Kingdom to cut down imports from Spain would have a serious effect on their economy, particularly as regards iron ore. We indicated that as we had no diplomatic relations with Spain and could claim no special knowledge of conditions there, we were not disposed to take any action which might embarrass others but would support whatever proposals seemed most constructive.

3. *Veto*. The United Kingdom believe that the most hopeful line is to seek agreement among the Great Powers on methods of procedure for the Security Council, including the use of the veto, which could be passed virtually unanimously by the Assembly. A constructive approach of this sort might conceivably be accepted by the Soviet Union, while a mere vote of censure by small and middle Powers on past practices would do little good. The United Kingdom are to produce a draft of their ideas and are prepared to put their proposals to the other Great Powers after further discussion with Commonwealth delegations. We agreed that the only hope of real progress is to try for a formula acceptable to the U.S.S.R. Australia has presented a resolution which merely restricts the use of the veto to matters falling under Chapter 7 of the Charter and which would clearly be unacceptable to the U.S.S.R.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 142

New York, November 8, 1946

SECRET. ASDEL No. 96. Following for Pearson from Wilgress, Begins: With further reference to my teletype No. 137, ASDEL No. 85 of November 8th.†

1. Later in the discussion on Soviet attitude, Bevin raised the question as to whether or not other Commonwealth countries felt, from what had gone before at the Assembly, that the U.S.S.R. was working to smash the whole show. Smuts thought that we had not yet enough evidence to answer this question. Noel-Baker was unwilling to conclude that the Soviet Union was engaged in a deliberate policy of wrecking, though evidence pointed that way. He mentioned Manuilsky's behaviour as Chairman of the First Committee and Vyshinsky's speech on the Refugee Organization.

2. My own view is that it is dangerous to conclude from behaviour of Soviet representatives that they are working to undermine the Organization. Manuilsky's behaviour, as chairman, is what one might expect from him, and it is apparently a reflection of what the Russians were able to get away with in Paris on procedural issues. Vyshinsky's speech on the Refugee Organization was a deliberate attempt to kill that particular Organization but should

not be taken to mean that the Soviet Union desires to undermine the United Nations, particularly in the exercise of its main function of the maintenance of peace and security. I believe that they have no desire to smash the Organization but they are determined to use it as much as possible for their own ends. Ends.

440.

W.L.M.K./Vol. 401

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 148

New York, November 9, 1946

IMPORTANT. ASDEL No. 101. Following for Riddell from Côté, Begins: Following is text of remarks which may be spoken by Mr. St. Laurent in the General Assembly on the question of the location of the Headquarters.<sup>1</sup> Text Begins:

I wish to explain the position of the Canadian delegation on the Resolution which has been proposed by the delegation of Byelo-Russia. If adopted, this Resolution would direct the Permanent Headquarters Committee to study the question of the possibility of choosing a permanent or temporary location for the Headquarters of the United Nations in Europe, in particular at Geneva.

When the question of the location of the Headquarters of the United Nations first came up for consideration, Canada held to the view that a site in Europe would best further the interests of the United Nations as well as suit the convenience of the majority of the members. We considered also that the availability of suitable buildings in Geneva would have made the location of the Headquarters in that city desirable from a practical point of view. It was for this reason that we cast our vote in favour of Europe.

However, a majority of the members decided that the Headquarters should be located in the United States of America. Canada has accepted the decision of the majority. Moreover, this decision has suited our own convenience since Canada also is a North American country. But it was and still is the view of the Canadian delegation that the particular convenience of any one member should not be a factor in determining this important question. Accordingly, we propose to take no further part in the discussion on the merits of the Resolution proposed by the delegation of Byelo-Russia and we shall abstain from voting on this Resolution when it is put to the vote. Text Ends. Ends.

<sup>1</sup> Ce discours n'a pas été prononcé.

<sup>1</sup> This speech was not delivered.

441.

W.L.M.K./Vol. 401

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 157

New York, November 11, 1946

ASDEL No. 106. Following from Côté for Riddell, Begins:

1. Following is statement which the Right Honourable Louis St. Laurent might make in Committee 5 on November 12th<sup>1</sup> in connection with the contributions to be paid by various members. This text has been cleared at the delegation meeting but may be amended before it is presented.

2. Text: Begins:

On behalf of the Canadian delegation, I want to offer a few observations on this important subject of contributions.

We have heard with interest the views expressed by those delegates who have already spoken and we have not failed to note the warning voiced by the Norwegian delegate and emphasized by Senator Vandenberg.<sup>2</sup> No one can deny that in this field of the financial burdens to be borne by our member States, we may risk a reaction among the public and the Governments which might jeopardize the stable and progressive development of our entire world organization. It is also true that in these matters the United Nations must have the whole-hearted and continued support of our respective legislatures and peoples at home and when we ask them for that support, we must be able to convince them that the recommendations agreed to here are just and wise.

We appreciate the very useful work done by the Committee on Contributions on the basis of the capacity to pay of the member States. We also know there were gaps in the information available to them and that, of necessity, some reliance had to be placed on informed guesses. We feel however that on the basis indicated in their terms of reference no better job could have been done.

But Senator Vandenberg has argued very forcibly that capacity to pay cannot safely be made the only criterion for distributing the burden of the organization's ordinary administrative budget when the result of that criterion places practically 50 per cent of that burden on one nation alone.

The Canadian delegation agrees that to do this might very well jeopardize the success of the United Nations, both because it would tend to put a strain

<sup>1</sup> Le discours fut prononcé par M. John Bracken. Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, cinquième commission, vingt-quatrième séance, 13 novembre 1946, p. 102.

<sup>2</sup> Représentant, la délégation des États-Unis à l'Assemblée générale.

<sup>1</sup> The speech was delivered by Mr. John Bracken. See United Nations, *Official Records of the Second Part of the First Session of the General Assembly, Fifth Committee, Twenty-fourth Meeting, November 13, 1946, p. 102.*

<sup>2</sup> Representative, Delegation of the United States to the General Assembly.

on the principle of the sovereign equality of all the nations in dealing with budgetary problems and because the people of the one nation would be apt to feel that they were being asked to do more than their fair share.

Senator Vandenberg therefore argues that a ceiling should be placed on the amount to be contributed by any one nation.

This solution of the political difficulty pointed out by Senator Vandenberg tends however to create like difficulties for other member States. Notwithstanding the gaps in the information available to the Contributions Committee, no one can doubt that if we had on our desks the most complete and up-to-date statistics on the annual national income of each of our countries, they would show two things clearly and beyond question: first, that the United States has the largest national income of any nation and, second, that in the United States the national income per capita is greater than in any other nation.

Now, to the individual tax-payer the second is the important factor: he is concerned with the relation which his personal contribution will be as to the contributions of tax-payers in other countries where the capacity to pay is equal to or greater than his own. It would not therefore seem to be politically realistic to expect any Government or the members of any Parliament to vote that their State make a contribution to the ordinary administrative budget of this organization higher on a per capita basis, than the contribution of the United States.

Under the recommendation of the Contributions Committee this difficulty does not arise and the per capita contribution of the citizens of the United States would appear to be higher than that of the citizens of any other nation.

The Canadian delegation is not asking that this exact relation be continued but if a ceiling is to be placed on the percentage of the budget to be contributed by the United States and that ceiling is substantially below the present percentage, it will be necessary to extend that ceiling to all the member States whose per capita contribution would otherwise exceed that of the United States tax-payer.

A ceiling on the total contribution of any member State necessitates a ceiling on the amount the citizens of any other nation are required to pay on a per capita basis.

We recognize, as does the United States delegation, that there is a difference between budgets for ordinary administration and "operational" budgets to help repair the ravages of war. As regards the latter category, Canada has in the past assumed substantial responsibilities and is prepared to give serious and sympathetic consideration to other like problems as they arise. But when it comes to the ordinary administrative expenses of the United Nations I submit that we cannot ask the tax-payer in any country to pay more per head than the tax-payer in the United States.

Senator Vandenberg has said, and we agree, that this is not a mere matter of money but a matter of principle. We can all afford to pay anything, in

material values, to achieve the goals of the United Nations, if our decisions can be regarded as right and wise, and just as between partners in this common enterprise.

But I am convinced that we would be risking just the kind of reaction the Norwegian and the United States delegates warned against if we were to accept a scale of contributions which placed on the tax-payers of any other country a per capita rate higher than that placed on those of the country which is so fortunate as to have for its citizens the highest per capita income of the whole world.

It is for this reason I venture to say to the Committee—if we place a ceiling on total contributions we must also make that ceiling applicable on a per capita basis. Ends. Message Ends.

442.

DEA/211

*Le conseiller, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Adviser, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

TOP SECRET AND PERSONAL

New York, November 18, 1946

Dear Mike [Pearson],

I am sending you some teletypes† this morning on the Commonwealth meeting with Mr. Bevin which took place at the Waldorf-Astoria from nine to ten. In this personal note to you I want to touch on some matters which would not be suitable for an official communication.

Wilgress and I were most disturbed this morning by the state that Mr. Bevin appears to be in. He did not seem to have a grasp of some of the questions which were up for discussion. He was irritable and snapped pretty viciously at Noel-Baker a number of times. Wilgress says that Bevin's state now is in complete contrast with his state in Paris where, though tired, he showed a mastery of the problems and was not irritable.

A number of questions were raised about what the last paragraph of the revised draft resolution meant—whether, in particular, it would bar Spain from membership in the proposed International Trade Organization. Mr. Bevin was informed that this proposed International Trade Organization was being set up at the initiative of the United Nations. He said that he had never heard of this before, that he was sure that there was not a Cabinet minute to this effect and that the United Kingdom should never put its foreign trade policy under the auspices of the United Nations.

Bevin in the discussions on the veto had emphasized that the only outcome of any value would be for the five great powers to agree on a code of conduct in the Security Council. Noel-Baker put the argument mildly that even if the Big Five could not agree, there would be some advantage in having

the Assembly approve by a vote of say 48 to 5 or 6, some broad general propositions on the measures which the Security Council should take to become a more effective agency of conciliation. This, he thought, might have a restraining influence on the Soviet Union. Instead of replying to him in a reasonable way, Bevin dismissed his remarks in a cavalier fashion.

These examples by themselves may not appear to be impressive, but if you had been at the meeting I think you would have been as depressed as Wilgress and myself at Bevin's behaviour. The pressure of responsibilities and of work have clearly been too much for him, and have affected both his ability to master a problem and his skill as a negotiator.

Bevin seems to be relying almost entirely on Cadogan and turns to him for advice instead of his fellow members of the United Kingdom Ministry here—Noel-Baker, Shawcross, etc. He appears to accept Cadogan's memoranda after a hasty reading as witness his acceptance of the original Cadogan memorandum on the veto which was definitely retrograde and which probably would have gone through except for Mr. St. Laurent's intervention.

Yours sincerely,

ESCOTT REID

443.

DEA/5475-BR-40

*Mémorandum du conseiller, la délégation à l'Assemblée générale des Nations Unies, à la délégation à l'Assemblée générale des Nations Unies*

*Memorandum from Adviser, Delegation to the General Assembly of the United Nations, to Delegation to the General Assembly of the United Nations*

[New York], December 1, 1946

1. During the next week or two each committee and sub-committee is going to be faced with the necessity of some sort of closure on debate. Many committees will also find themselves involved in procedural snarls resulting from the inadequacy of the present rules of procedure.

2. As you know, we have sent in to the Secretariat a memorandum,† dated November 27th, on economizing the time of the General Assembly. This will be circulated as an A/BUR document and will be discussed by the General Committee's sub-committee on economizing time.

3. Three weeks before the Assembly opened we asked the Secretary General to put on the Agenda of the Assembly the item, "Measures to Economize the Time of the General Assembly". When our request that this item be added to the Agenda of the General Assembly came up to the General Committee, it was greeted with scorn and derision by Mr. Gromyko and Mr. Manuilsky.

4. The line taken by the Soviet representatives is set out fully in the following translation of a Tass message from New York, dated October 24th, which appeared in all Moscow newspapers of October 25th:

“During the discussion of the agenda for the General Assembly, opening in October 23rd, Vyshinsky proposed to exclude from the agenda the proposals of the Canadian delegation, figuring the demagogic title of: ‘Measures to economize on the time of the General Assembly’. Among these ‘measures’, are such as the proposal to limit the time of speakers at the General assembly to 10 minutes, not to discuss the report of the General Committee if one-third of the committee members do not demand it, not to discuss the essence of questions proposed for inclusion in the agenda, etc.

No doubts were left that the Canadian proposals have the hidden aim of preventing drawn-out speeches at the General Assembly, limiting the freedom of speech and hindering the criticism of the anti-democratic character of a number of drafts submitted to the Assembly.

The Soviet delegate, Vyshinsky, drew the attention of the Committee to these circumstances, and proposed to recommend to the Assembly not to include in the agenda the Canadian proposals as limiting the freedom of speech and having an anti-democratic character.

The Chairman, Spaak, stubbornly challenged Vyshinsky’s proposal, trying to prove that such recommendations were not within the competence of the Committee. But the Soviet delegate advanced such irrefutable evidence of Spaak’s incorrect interpretation of the functions of the Committee as a number of procedural rules (rules Nos. 33, 33(a) and others), directly binding the Committee to assist the Assembly in drawing up the agenda. The Soviet delegation was supported by Norway, China and the United States, but three hours had to be spent in debate to defend the unchallengeable right of the General Committee against the attitude of its Chairman. As a result, a proposal by Vyshinsky was adopted, to summon a special meeting of the General Committee on October 24th to discuss the draft agenda of the Assembly, embracing 52 questions, and in particular the question of the Canadian proposals, so as to present their recommendations to the Assembly. The General Committee also agreed that the General Assembly should not ratify the agenda until the report of the General Committee had been presented”.

You will note from this that the Soviet arguments against our proposals were that the purpose of them was to limit freedom of speech and that they had an anti-democratic character.

5. I would suggest, therefore, that when committees are faced in the next week or so with the necessity of limiting debate, the Canadian representative on the committee intervene to draw the attention of the committee to the fact that Canada suggested at the beginning of this Session the necessity of the Assembly at this Session studying carefully measures to economize the time of *future* sessions of the General Assembly and that the purpose of our proposals was to ensure as far as possible that the discussions in the next

Assembly should be stream-lined so that time was not wasted and that adequate time was given to the consideration of each important item on the agenda instead of spending an inordinate amount of time during the first three-quarters of a session on one-quarter of the business before the Assembly and rushing through without adequate discussion, during the remaining quarter of the Assembly, the remaining three-quarters of the work which the Assembly had to do.

6. Suitable quotations could be made from our memorandum of November 27th on economizing the time of the General Assembly, especially the first two pages and the first two lines of the third page.

7. I attach, for you convenience, a copy of our memorandum as issued in the A/BUR series, and a copy of our press release† on the memorandum.

E. R[EID]

444.

DEA/5475-BR-40

*Sommaire d'une déclaration du conseiller, la délégation  
à l'Assemblée générale des Nations Unies*

*Summary of Statement by Adviser, Delegation to the  
General Assembly of the United Nations*

[New York,] December 7, 1946

SUMMARY OF STATEMENT MADE BY MR. ESCOTT REID,  
THE REPRESENTATIVE OF CANADA AT THE MEETING ON  
DECEMBER 6, 1946, OF THE GENERAL COMMITTEE'S  
SUB-COMMITTEE ON MEASURES TO ECONOMIZE THE  
TIME OF THE GENERAL ASSEMBLY

1. The General Assembly has gone through a six weeks' debauch of un-organized discussion. It is immediately after a debauch that a person is most likely to make good resolutions. The Assembly now realizes that, during the first three-quarters of its time, it got through only one-quarter of its work and must now get through the remaining three-quarters of its work in the one-quarter of its time which remains to it. The Assembly, therefore, is now in the mood in which it would be likely to accept proposals for changing its rules of procedure which might result in a better organization of the work of the second session of the Assembly.

2. While my experience of international conferences is very limited compared with yours, Mr. Chairman, I have certainly found in the last two years in the conferences which I have attended—the Chicago Aviation Conference, the San Francisco Conference and the meetings in London—that the same pattern repeated itself. Each conference started off believing that it would behave itself but began by wasting its time and ended by having to rush decisions through at the end.

3. I am afraid that if we do not take any action now, but leave it for the next session of the Assembly to take action, the same pattern will be repeated.

4. Mr. Gromyko has suggested that it would be sufficient if the Secretariat were to draft new rules of procedure and present them to the next session of the Assembly. The problem, however, of persuading the next session of the Assembly to adopt improvements in its rules falls into two parts—getting good rules drafted and getting the rules accepted by the General Assembly. The chances of the Assembly accepting good rules will be much better if they come not from the Secretariat but from a committee of its own members.

5. Mr. Gromyko's first suggestion was that the Secretary-General's proposals for revision should go direct to the next session of the Assembly. He has since suggested that they go to the General Committee, which will be elected at the next session. The Canadian Government, in its original proposal set forth in its letter of September 24th to the Secretary-General, proposed that the General Assembly, as early as possible in the second part of the first session, elect an ad hoc committee of about 15 states to consider and make recommendations to it on measures it might adopt to economize its time. The General Committee in its wisdom decided to do this work itself and referred it to a sub-committee. The Canadian delegation accepted this decision with considerable reluctance since it feared that the General Committee was a most inappropriate body to consider this matter; it was composed to a great extent of committee chairmen and these chairmen would be unable to give careful consideration to the work of the sub-committee or even to attend its meetings since their first responsibility was to the committees of which they were chairmen. The vacant chairs around the table tonight demonstrate that our fears were well founded.

6. The proposal that a special committee be appointed by this Assembly, with instructions to present a report for circulation to the members of the United Nations three months before the opening annual session of 1947, causes me some embarrassment since the Chairman of the Canadian delegation, in his address in the opening plenary debate, stressed the dangers of the unnecessary multiplication of committees meeting between sessions of the Assembly. Moreover, the Secretary-General, I understand, has estimated that the cost to the United Nations for a committee meeting between its sessions is \$1,000. per member. I do not doubt that \$15,000 would be well spent for this committee, but it would perhaps be better if the committee were to meet one week before the opening of the next session of the Assembly.

7. The important thing is that the report of this committee should be placed before the second session of the General Assembly on the first or second day of the session, with a recommendation that the proposals for revising and amplifying the rules of procedure contained in the report be adopted provisionally, and preferably without debate, to apply to the second session.

8. Mr. Gromyko has suggested that Canada be asked to submit to the Secretary-General all the documentation at its disposal on measures to

economize the time of the General Assembly. The Canadian delegation has exhausted its reservoir of suggestions for economizing the time of the Assembly and the Canadian delegation hopes that *all* the members of the United Nations will now send to the Secretary-General *their* suggestions for economizing the Assembly's time. The question is surely of common concern to all the delegations at the Assembly. It is not one in which there is a peculiar national interest of Canada.

9. All of us wish to see the General Assembly operate with dignity as well as with despatch.<sup>1</sup>

SOUS-SECTION ii/SUB-SECTION ii

*CODIFICATION DU DROIT INTERNATIONAL*  
*CODIFICATION OF INTERNATIONAL LAW*

445.

DEA/5475-AX-40

*Mémorandum du chef, la direction juridique*

*Memorandum by Head, Legal Division*

[Ottawa,] August 9, 1946

PLACING ON THE AGENDA AT THE SECOND SESSION OF THE GENERAL  
ASSEMBLY PROPOSALS FOR THE PROGRESSIVE DEVELOPMENT AND  
CODIFICATION OF INTERNATIONAL LAW

1. There has been placed on the Agenda, at the Second Session of the General Assembly of the United Nations, the question of implementing in a constructive and practical manner the obligation of the General Assembly, under Clause 1(a) of Article 13 of the Charter to:

initiate studies and make recommendations for the purpose of encouraging the progressive development of international law and its codification.

2. There are few references to international law in the Charter apart from the above-quoted provision. In particular, there are none which could be construed as conferring on the General Assembly legislative power *stricto sensu* in the field of international law. Indeed, all attempts at San Francisco to confer upon the Assembly in specific terms power to revise the rules and principles of international law were abortive. In the Preamble to the Charter, it is stated that the Peoples of the United Nations are determined, *inter alia* "to establish conditions under which justice and respect for the obligations arising from treaties and *other sources of international law* can be maintained". In Article I, it is stated that the Purposes of the United Nations include the bringing about "by peaceful means, and *in accordance with the principles of*

<sup>1</sup> Voir aussi le discours de M. Paul Martin dans Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, séances plénières de l'Assemblée générale, soixante-septième séance plénière, 15 décembre 1946, pp. 1454-1457.

<sup>1</sup> See also the speech by Mr. Paul Martin in United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Plenary Meetings of the General Assembly, sixty-seventh plenary meeting, December 15, 1946, pp. 1454-1457.

*justice and international law*, adjustment or settlement of international disputes or situations which might lead to a breach of the peace". In general, however, both in the Dumbarton Oaks Proposals (in which the expression "international Law" does not appear at all) and the Charter itself, political and security, rather than juridical, interests predominate. It is open to doubt, however, that world peace can be maintained indefinitely in the absence of a system of international order based upon law. It would seem essential indeed, that all steps possible under the Charter be taken in order to strengthen the authority of law in international affairs.

3. (a) A division of the Legal Department of the Secretariat has been established, under the direction of Dr. Yuen-Le Liang, "for the Development of International Law". The programme of the Division as reported by the Secretary-General consists of:

- (i) making studies concerning the promotion of international legislation in the form of multilateral conventions;
- (ii) examining the possibilities of resuming the process of codification of international law and assisting in promoting conferences on the codification of international law in the future;
- (iii) undertaking research in the work of public and private bodies and serving as a centre of information concerning matters offering possibilities of codification. Also, within the framework of the activities of the United Nations itself, the Division will analyze and record legal principles practised by the principal organs of the United Nations in applying the provisions of the Charter.

(b) No doubt the above-mentioned Division has done useful preliminary work in the field. It is questionable, however, whether the Secretariat itself should be primarily charged with such a comprehensive, continuous and highly specialized responsibility: its dimensions and importance would suggest that it be regarded as something other than a routine function for the Legal Department of the Secretariat. At the other extreme, the project might be undertaken by an international organization established as a specialized agency of the United Nations; however, not only would this be unduly cumbersome, but such an organization would not be identified sufficiently closely with the General Assembly, the body primarily charged. A *via media* would seem to be indicated.

(c) The most effective and appropriate way of discharging this long-term obligation would appear to be through the establishment, by resolution of the General Assembly, of a subsidiary organ to be known as "The International Law Commission". The Commission might be composed of one representative, fully qualified in the field of international law, from each of fifteen states to be elected by the General Assembly. Following the analogy of the International Court, the states first elected by the Assembly might appoint representatives as follows: five states for three years; five states for six years; five states for nine years. After the first election, the respective terms could be

determined by lot drawn by the Secretary-General. Subsequent elections, as they fell due, would be for nine-year terms. Such a body would not be too unwieldy for effective work, yet it would be representative of the principal systems of law currently in operation. Close liaison would, of course, have to be maintained with the Legal Department of the Secretariat, from which presumably some personnel would be drawn by the Secretary-General in providing suitable administrative staff for the Commission.

4. (a) One function of the International Law Commission would be to investigate and report to the Assembly on the existing agencies concerned with the codification of international law, with a view to making recommendations for the correlation of the work of such agencies with the work of the Commission. It is understood that some preliminary investigations in this field have already been undertaken by the Legal Department.

(b) A prime function of the Commission would, of course, be the development of a long-term plan for the codification of international law. The codification, it is thought, might properly take the form of a Restatement, corresponding to that undertaken by the American Law Institute in respect of United States law, which would proceed progressively and according to the aforementioned plan. As particular Sections of the Restatement were completed, they would be submitted by the Commission to the General Assembly of the United Nations for adoption, by a two-thirds vote of the General Assembly, as declaratory of contemporary international law.

(c) This, of course, would not be tantamount to legislation. At the same time, there would seem to be no doubt that such a Restatement would have great weight as a declaration of the recognized principles of international law, that it would receive a large measure of acceptance as an authoritative code and that it would go far toward strengthening the importance of international law, both in the conduct of international affairs and in the settlement of international disputes. Law, of course, depends ultimately on its acceptance by those to whom it is addressed, and there have been instances in the past where international agreements have been recognized as authoritative codes of international law, even by states not party thereto.

(d) The Restatement proposal would have certain obvious advantages over the traditional method of codifying international law by the negotiation of multilateral conventions—It would not purport to affect only the participating states. It would not be affected by failures or delays in the depositing of ratifications, approvals or acceptances. Not only, however, would procedure by Restatement be more expeditious but, as a *quasi*-legislative device, it might point the way to further advances in the direction of international legislation.

(e) The Canadian Bar Association's Committee on Legal Problems of International Organization for the Maintenance of Peace, Toronto, August, 1944, recommended that "there should be undertaken a codification of the general rules of international law by such body as may be agreed upon".

This recommendation did not specify the means by which codification would be effected; however, the present proposal would conform therewith.

(f) It would appear, indeed, that, under the Charter, this is as far as the General Assembly could go in the direction of *quasi*-legislation. It might be desirable, in the long run, by an appropriate amendment to the Charter, to invest the General Assembly with power by a two-thirds vote, and with the concurrence of the Security Council, to exercise legislative power to codify and even to modify the general rules of international law and to enact new rules of international law. This course was strongly recommended by an unofficial meeting of North American jurists held in April, 1944. (A copy of Proposal 7 is attached hereto)†. However, judging from the experience at Dumbarton Oaks and San Francisco, which resulted in the formulation of the Charter in its present limited terms, it is doubted whether any useful purpose would be served by recommending a specific amendment of such a nature at the forthcoming Second Session. The ultimate attainment of legislative power by the General Assembly in the field of international law is no doubt an ultimate goal which should be borne constantly in mind. Nevertheless, it would seem more sensible for the Canadian delegation to content itself, at the present stage, with sponsoring the proposals outlined above as constituting a practical step in the right direction.

5. A further function of the Commission, to be undertaken *pari passu* with the Restatement, would be the initiation and examination of proposals for the progressive development or improvement of international law with a view to preparing, in the form of draft conventions or otherwise, specific proposals for the consideration of the General Assembly. The observations contained in the immediately preceding paragraph respecting codification are, of course, entirely applicable here. However, proposals for the *development* of international law differ in kind from proposals for the codification of international law. Presumably, in the field of international law reform, unless the terms of the Charter are broadened, the Commission would, in practice, be limited to the preparation of draft conventions (corresponding in form to the draft Convention on Immunities and Privileges for the United Nations) which would be submitted to the General Assembly for approval and presented to individual states for approval, acceptance or ratification in accordance with their respective constitutional procedures.

6. The Commission might, in addition, be empowered to examine and report upon any question of a legal nature submitted to it by the General Assembly or the Legal Committee of the General Assembly. Routine legal advice to the Organization and its components would, of course, remain the primary responsibility of the Legal Department of the Secretariat.

7. The Canadian Delegation should not proceed to the Second Session committed irrevocably to the foregoing specific proposals. The principal end should be to ensure that this basic problem is dealt with at the Session in a practical constructive manner; detailed problems affecting the mechanics of

implementation could be dealt with in Committee as they arise. It is, however, felt that there would be more likelihood of effective attention being paid to the problem, if definitive proposals were put before the Assembly.

446.

DEA/5475-AX-40

*Le conseiller, l'ambassade aux États-Unis, au sous-secrétaire d'État associé aux Affaires extérieures*

*Counsellor, Embassy in United States, to Associate Under-Secretary of State for External Affairs*

Washington, September 5, 1946

Dear Mr. Wrong,

In accordance with the instructions contained in your letter of August 21, 1946†, Mr. Rogers<sup>1</sup> of the Embassy staff had an interview with Miss A. M. McDiarmid of the Division of International Organization Affairs in the State Department, concerning the proposal of the United States to include on the agenda for the forthcoming Session of the General Assembly of the United Nations the problem of the implementation of the Charter obligation to encourage the progressive development of international law and its codification.

Miss McDiarmid stated that the United States government was hoping to have the Assembly discuss carrying out its obligations under the Charter in this regard. They hoped that the Assembly might appoint a Committee to examine the alternative methods of implementation, but evidently did not expect that it would go so far as to appoint a body to begin actual work on codification or revision during the coming session.

The unofficial Canadian suggestion as set forth in the Departmental draft<sup>2</sup> attached to your letter was explained to Miss McDiarmid, who expressed satisfaction that Canada appeared to be willing to go as far as the United States or even farther. A copy of the draft was left with Miss McDiarmid for study on the understanding that the draft was so far unofficial and had not received Cabinet approval.

It was agreed that Miss McDiarmid should retain the draft for about a week, and then return it together with a memorandum setting forth the views of the State Department with respect to its contents. I shall communicate with you again as soon as further word is received.

Yours sincerely,

C. P. HÉBERT

<sup>1</sup> R. L. Rogers, troisième secrétaire, l'ambassade aux États-Unis.

<sup>2</sup> Voir le document précédent.

<sup>1</sup> R. L. Rogers, Third Secretary, Embassy in United States.

<sup>2</sup> See preceding document.

447.

DEA/5475-AX-40

*Le conseiller, l'ambassade aux États-Unis, au sous-secrétaire d'État associé  
aux Affaires extérieures*

*Counsellor, Embassy in United States, to Associate Under-Secretary of State  
for External Affairs*

Washington, September 16, 1946

Dear Mr. Wrong,

On the 5th of this month, Mr. Stone wrote to you concerning the reception by the State Department of the unofficial Canadian proposals for the codification and progressive development of International Law.<sup>1</sup>

Mr. John Maktos of the Division of International Organization Affairs telephoned to explain that the principal concern of the U.S. Government was that the Assembly of the U.N. should explore the matter in detail in a most informal manner, preferably through a small Sub-Committee of the Assembly's Legal Committee. In this manner it would be possible to call experts and to take advice from Universities and other private bodies that it might wish to consult or that might wish to be heard.

It was pointed out to Mr. Maktos that the object of having an outline proposal such as that sketched in our draft, was to present the committee or sub-committee with a concrete proposal in order to assist it in coming to a more rapid decision. Each time this was done Mr. Maktos returned to the subject of very informal exploratory conversations by a sub-committee, which might continue to sit between sessions.

It became evident that Mr. Maktos, and Miss McDiarmid, who telephoned later, were interested primarily in having the question of how to codify international law canvassed at some length, and were not interested in starting the actual work during the present year. They did not appear to favour the introduction of the Canadian plan during the coming session of the Assembly, though of course it would be appropriate to bring it before the body appointed by the Assembly to explore the subject.

Yours sincerely,

C. P. HÉBERT

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<sup>1</sup> Voir le document précédent. Il n'y a aucune indication sur ce document que M. Stone en était l'auteur.

<sup>1</sup> See preceding document. There is no indication on that document that Mr. Stone was the author.

448.

DEA/5475-AX-40

*Mémorandum du chef, la direction juridique, au sous-secrétaire d'État  
aux Affaires extérieures et au chef, la deuxième direction politique*

*Memorandum from Head, Legal Division, to Under-Secretary of State  
for External Affairs and to Head, Second Political Division*

[Ottawa,] September 20, 1946

1. I see considerable sense in the United States suggestion. While it would be desirable to get on with the job of codification, it would be wise before so doing to have the matter explored thoroughly in an informal manner, probably through a small sub-committee of the Legal Committee. On the other hand, it should be made sure, I think, that any such exploratory work is concluded within a measurable period of time so that a decision may be reached by the Assembly as soon as possible. My original note was prepared against the possibility that the United States might be putting up concrete proposals for immediate action at the next meeting of the Assembly. It is accordingly most helpful to have an informal expression of their views at this time.

2. If you agree, I could:

(a) re-write the note on codification leaving the door open to the unofficial United States proposals and merely outlining the re-statement suggestion as one possible solution that might be put forward for consideration at a suitable time and place;<sup>1</sup>

(b) advise Mr. E. K. Williams<sup>2</sup> of the new turn of events and invite the informal comments of his Committee on the revised note on codification.<sup>1</sup>

3. Do you think that it would be advantageous to have any further conversations with the interested officials of the State Department in this matter?<sup>3</sup>

E. R. HOPKINS

<sup>1</sup> Note marginale:

<sup>2</sup> Le président de l'Association du Barreau canadien. Président du Comité spécial sur les problèmes légaux de l'organisation internationale pour le maintien de la paix de l'Association du Barreau canadien.

<sup>3</sup> La note suivante était écrite sur ce mémorandum:

Apart from some comments I made at Pierce's party.

I think a consultative committee membership of which c[oul]d be combined with other academic and official employment w[oul]d bring better men than a full time long term job.

<sup>1</sup> Marginal note:

Yes

<sup>2</sup> President of the Canadian Bar Association. Chairman of the Special Committee on Legal Problems of the International Organization for Maintenance of Peace of the Canadian Bar Association.

<sup>3</sup> The following note was written on the memorandum:

R[OBERTSON]

449.

DEA/5475-AX-40

*Le chef, la direction juridique, au président, le Comité spécial sur les problèmes légaux de l'organisation internationale pour le maintien de la paix de l'Association du Barreau canadien*

*Head, Legal Division, to Chairman, Special Committee on Legal Problems of the International Organization for the Maintenance of Peace of the Canadian Bar Association*

Ottawa, September 25, 1946

Dear Mr. Williams,

I wish to thank you for your recent letter† concerning the codification and development of international law, and to endeavour to reply to your questions.

We now have information from Washington concerning what will probably happen in New York at the forthcoming meeting of the General Assembly. It is envisaged by the United States officials who were consulted that the problem will be discussed most informally at New York, probably through a small sub-committee of the Assembly's Legal Committee, which would sit between sessions, call experts and take advice from Universities and other private bodies (including, presumably, Bar Associations) that it might wish to consult or that might wish to be heard.

The original Department Memorandum<sup>1</sup> (which I left with you in Winnipeg) was prepared against the possibility that concrete proposals would be put before the Assembly at the forthcoming meeting. On the other hand, it would seem desirable that the question of implementing Article 13 of the Charter be thoroughly canvassed before the Canadian Government or the Assembly finally approves any specific proposals. The Departmental Memorandum has accordingly been re-written so as to preserve our freedom of action, the Restatement proposal being outlined as one possible solution that might be put forward at a suitable time and place.<sup>2</sup>

In any event, the views of your Committee would be most welcome as to any of the points raised by the latest Memorandum. Moreover, it seems to me that you would be free to use the material contained in the Memorandum in whatever discussions you may have with the corresponding Committee of the American Bar. On the other hand, since the Memorandum itself is still without Ministerial approval, it would seem unwise to refer to it in any way as an official document, or to have it published or referred to in Resolutions, etc. I am sending, under separate cover, twenty copies of the most recent Memorandum.

I will gladly keep you informed of new developments in this field as they arise and would be grateful for whatever information you feel that you can let

<sup>1</sup> Document 445.

<sup>2</sup> Le mémorandum révisé ne peut pas être trouvé.

<sup>2</sup> The revised memorandum cannot be found.

me have relating to the activities of your Committee. It seems to me that it would be most helpful if we could keep our lines from crossing.

Yours sincerely,

E. R. HOPKINS

SOUS-SECTION iii/SUB-SECTION iii  
DÉSARMEMENT/DISARMAMENT

450.

DEA/211-F

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

*Deputy High Commissioner of Great Britain to Under-Secretary of State  
for External Affairs*

1074/70

Ottawa, October 26, 1946

SECRET

Dear Mr. Pearson,

As you will be aware, the Soviet Government have placed on the Agenda for the General Assembly an item concerning the presence of Allied troops abroad.

The United Kingdom authorities do not feel able to accept the proposal in the Soviet Government motion,<sup>1</sup> and I enclose for your secret information the text of a telegram which has been sent by Mr. Bevin to the United Kingdom Ambassador at Washington.

The United Kingdom Government hope that the Canadian authorities may see their way to instruct the Canadian Delegation at New York to keep in touch with the United Kingdom Delegation there and to act with them when the matter comes before the General Assembly.

Yours sincerely,

J. J. S. GARNER

[PIÈCE JOINTE/ENCLOSURE]

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

*Secretary of State for Foreign Affairs of Great Britain  
to Ambassador of Great Britain in United States*

TELEGRAM

London, October [n.d], 1946

SECRET. I have been considering the line to be taken in the General Assembly in answering the Soviet item on Allied troops abroad. To my mind the

<sup>1</sup> Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, première commission, annexe 8a, p. 333.

<sup>1</sup> See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, First Committee, Annex 8a, p. 333.

overriding consideration is that in no circumstances can we admit the obligation to disclose all our troops strengths and dispositions abroad. It would be disastrous to reveal at the present time the exact strength and composition of our forces abroad for the reasons I explained to Mr. Byrnes in Paris. Furthermore, to agree under any circumstances that the General Assembly has a right to this information would establish a precedent whose consequences require to be carefully thought out. Once the figures of service strengths overseas are given to the United Nations there is nothing to stop a recurring request by the General Assembly or Security Council for the figures to be brought up to date. In other words, every replacement or re-equipment of land and air units in the Middle East (or Philippines) and every movement of naval units outside home waters might have to be notified. Powers with a high proportion of air and naval forces and scattered bases would have far more to lose by publicity of this sort than a land power depending mainly on an army inside its own frontiers, a fact which has evidently not escaped the Soviet Government.

2. Similar objections apply to Mr. Byrnes's original proposal to which he has now reverted, to extend the proposal to cover ex-enemy territories. It is quite possible that M. Molotov would jump at this offer and provide figures whose accuracy, although it might well be highly dubious, we should have no means of checking. In exchange the whole world would know the precise strength of British and United States forces in Germany and Austria as well as elsewhere, which it is certainly not in our common interest to divulge at the present time.

3. For these reasons I cannot take any line in the Assembly which, even if the Russians turned the item down when extended to cover ex-enemy territories, would admit the obligation to disclose our troop dispositions abroad. Even the Military Staff Committee if it were a united and effective body would still not be entitled to have this information beyond what is required for Article 43, and it seems to me out of the question to concede the point at the present time.

4. I quite agree that the difference in procedure between the Security Council and the General Assembly makes it impossible to keep the Soviet item off the Assembly agenda, as was done in the Security Council. Apart from this, however, I would propose to take much the same line as was taken then, namely, that this is a Soviet propaganda move, that British troops abroad are not a menace to peace and security and that nobody seriously believes they are. I am of course assuming, as I think is bound to be the case, that the Soviet spokesman in the Assembly will take essentially the same line as M. Gromyko took in the Security Council. I understand that Article 11 will be invoked in the Assembly and this Article, though more widely drawn, seems to give as much scope for such a Soviet line as Article 34 did in the Security Council. I should then meet Mr. Byrnes's point by observing that the Soviet item specifically excludes those countries who cannot speak for themselves, and yet have to bear the burden of a

quite excessive number of Soviet troops. I should also point out that if any Governments feel aggrieved it is up to them to raise the question for themselves. The Soviet motion is either an insult to the Governments concerned or an interference in their internal affairs.

5. I cannot be certain that a motion exonerating British and United States troops would get a clear two-thirds majority as there might be a number of abstentions. On the other hand, it is most unlikely that a Soviet motion on the lines of their Security Council argument would get a two-thirds majority. Our tactics should therefore be to get them to propose a motion which, provided the United States and United Kingdom delegates take similar line, we should have no difficulty in defeating.

6. Please convey a message from me to Mr. Byrnes in the sense of the foregoing, explaining the grave risks I foresee for both our countries if we give way to the Russians in this matter which I regard as a vital point of principle. You should emphasize that the Russians are attacking us both equally in this matter and that we must co-ordinate the defence of our common interests. I very much hope that Mr. Byrnes will agree to the considerations I have put forward. If not, please urge him to make no move until I have had an opportunity of discussing it with him further on my arrival in New York.

451.

DEA/211-F

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

*Under-Secretary of State for External Affairs to Deputy High Commissioner  
of Great Britain*

SECRET

Ottawa, October 28, 1946

Dear Mr. Garner,

This will acknowledge receipt of your letter of October 26th with a text of instructions from the Foreign Secretary to the United Kingdom Ambassador at Washington, on the policy to be adopted by the United Kingdom Delegation to the Assembly on the item on the Agenda concerning the presence of Allied troops abroad. This has been brought to the attention of the Canadian Delegation in New York, together with the hope of the United Kingdom Government that our Delegation may see their way to keep in touch with the United Kingdom Delegation on this matter, and to act with them when it comes before the General Assembly.

Yours sincerely,

L. B. PEARSON

452.

DEA/211-G

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 108

New York, November 5, 1946

SECRET. ASDEL No. 73. Following for Pearson from Reid, Begins: Mr. St. Laurent has approved of my showing to the United States and United Kingdom delegations the following possible amendment of the Soviet proposal on disarmament. We do not contemplate introducing such an amendment ourselves but we assume that the United States does intend to bring in a substitute resolution and they might find our draft useful, Begins:

1. In the interests of consolidating international peace and security and in conformity with the purposes and principles of the United Nations, the General Assembly considers a general regulation and reduction of armaments necessary.

2. As an essential step towards a general regulation and reduction of armaments, the General Assembly recommends to the Security Council that the Security Council, without further delay, negotiate with members of the United Nations under Article 43 of the Charter the special agreements making available to the Security Council on its call the armed forces, assistance and facilities necessary for the purpose of maintaining international peace and security.

3. As an essential step towards the urgent objective of eliminating from national armaments atomic weapons and all other major weapons adaptable to mass destruction, the General Assembly urges the expeditious fulfilment by the Atomic Energy Commission of its terms of reference as set forth in Section 5 of the General Assembly Resolution of January 17th, 1946.

4. A system for the general regulation and reduction of armaments must be based on an international Treaty or Convention on the limitation of armaments. This Treaty or Convention should provide two safeguards for complying States against the hazards of violation and evasion:

(1) International responsibility with effective guarantees for the loyal execution of the Treaty or Convention; and

(2) Sanctions against States violating essential provisions of the Treaty or Convention.

5. In order to provide complying States with effective guarantees for the loyal execution of the Treaty or Convention, it should provide for the establishment of a Permanent International Commission of Control with the power to carry out investigations on the spot in the event of reasonable suspicion of a breach of the Treaty or Convention and of subsequent supplementary agreements on the reduction and limitation of armaments, and to appoint for this purpose special Commissions of Enquiry.

6. The General Assembly recommends to the Security Council that the Security Council formulate, with the assistance of the Military Staff Committee, plans to be submitted to the members of the United Nations for the establishment of a system for the regulation of armaments as is provided for in Article 26 of the Charter so that an international Treaty or Convention on disarmament may be concluded as soon as possible.

7. The General Assembly calls upon the Governments of all States to render every possible assistance to the Security Council, the Military Staff Committee and the Atomic Energy Commission in their pursuit of the objectives set forth in this resolution, confident that the attainment of these objectives would contribute greatly to the establishment of stable international peace and security and further serve the interests of all the peoples of the United Nations by lightening the heavy economic burden imposed on them by excessive expenditures for armaments which are not compatible with peaceful post-war conditions. Ends. Message ends.

453.

DEA/211-G

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 134

New York, November 7, 1946

SECRET. ASDEL No. 90. Following for Pearson from Reid, Begins: My ASDEL No. 73 of November 5th, concerning possible amendment of the Soviet proposal on disarmament.

1. I had a long talk last night with Joe Johnson of the State Department who gave me his views on the draft Resolution, emphasizing that he was speaking only for himself.

2. He was in virtually complete agreement with the draft and had only the following minor suggestions to make for its revision:

(1) The second sentence of paragraph 4 should read as follows:

"This Treaty or Convention should provide effective international safeguards by way of inspection and other means for complying States against the hazards of violation and evasion."

(2) Paragraph 5, after the words "Permanent International Commission of Control", should read "with the power to make such investigations as it may deem necessary to satisfy itself that no breach, etc., is taking place, and to appoint for this purpose special Commissions of Enquiry."

(3) Paragraph 6. There might be added after the word "formulate" the words "at the earliest practicable date".

3. Johnson confirmed our understanding that the United States does intend to bring in a substitute Resolution. The United States has not decided on the date on which they will bring in the Resolution, but Johnson himself hopes

that it will be early next week, though the First Committee of the Assembly will probably not be reaching the item of disarmament for two or three or more weeks. Ends.

454.

DEA/211-G

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 165

New York, November 12, 1946

ASDEL No. 111. Following for Pearson from Reid, Begins: Limitation of Armaments.

The Soviet delegation has formally presented the Resolution on Reduction of Armaments of which notice was given in Mr. Molotov's speech to the Assembly on October 29th. The Resolution reads as follows:

1. With a view to strengthening peace and international security in conformity with the aims and principles of the United Nations, the General Assembly recognizes the necessity of a general reduction of armaments.

2. The implementing of the decision concerning the reduction of armaments should include as primary object the prohibition to produce and use atomic energy for military purposes.

3. The General Assembly recommends that the Security Council should ensure the effective implementing of the principles laid down in paragraphs 1 and 2 above.

4. The General Assembly appeals to the Governments of all the States to give to the Security Council all the assistance necessary to enable it to discharge its responsibilities arising out of this task, the achievement of which lies within the scope of its mission to establish an enduring peace and maintain international security. This task is also in the interest of the peoples who would be released from the heavy economic burden caused by the excessive expenditure on armaments which do not correspond to peaceful post-war conditions. Ends.

455.

DEA/211-G

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 219

New York, November 20, 1946

CONFIDENTIAL. ASDEL No. 143. Following for Pearson from Reid, Begins: Armed forces of the United Nations in foreign territories.

At meeting of First Committee this morning, Molotov accepted the proposal made by Senator Austin in his speech in plenary session that the original Soviet proposal should be extended to ex-enemy countries. He substituted for the original Soviet proposal, a new draft resolution, the text of which is given in my immediately following teletype.

2. The United States and United Kingdom delegations were taken by surprise. Instead of revising his prepared speech in the light of the speech by Molotov, Senator Connally gave the speech which already had been prepared for him, which was in large part a criticism of the Soviet Union for not being willing to report on the number of its troops in ex-enemy countries as well as the number of troops at home.

3. Mr. Cadogan, who had hoped to receive instructions from London before he had to speak, had clearly not received instructions when his time came to speak and had to content himself with saying that the United Kingdom delegation was unable to comment immediately on the new Soviet proposal since they had not received any notice of it.

4. The discussion will be continued tomorrow morning in the First Committee. The result of this morning's speeches was a clear victory for the Soviet Union. Ends.

456.

DEA/211-F

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 220

New York, November 20, 1946

ASDEL No. 144. Following for Pearson from Reid, Begins: Reference my immediately preceding teletype. The revised proposal of the Soviet delegation on armed forces of the United Nations in foreign territories reads as follows:

The General Assembly recommends to the Security Council to take a decision to the effect that States-members of the United Nations Organization should submit the following information to the Secretary-General and the Security Council within a month:

1. At what points in the territory of members of the United Nations or other States with the exception of former enemy territories and in what number are armed forces of other members of the United Nations.

2. At what points in the former enemy States and in what number are armed forces of the Allied powers and other members of the United Nations.

3. At what points in the above mentioned territories are air and naval bases and what is the size of their garrisons belonging to the armed forces of other States-members of the United Nations.

4. The information to be provided under paragraphs 1, 2 and 3 should refer to the situation as it existed on November 1st, 1946. Ends.

457.

DEA/211-G

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 222

New York, November 21, 1946

MOST IMMEDIATE. SECRET. ASDEL No. 146. Following for Pearson from Reid, Begins: Reference our telephone conversation of yesterday. Mr. St. Laurent has approved of the following text of a Canadian amendment to the Soviet proposal on disarmament. We would like authority to introduce this Resolution if developments in Committee seem to us to make this desirable. The time may arise this morning.

Amendment of the Soviet proposal on disarmament.

1. With a view to strengthening international peace and security in conformity with the purposes and principles of the United Nations, the General Assembly recognizes the necessity of a general regulation and reduction of armaments. (First paragraph of Soviet proposal, substituting "purposes and principles" for "aim and principles" and adding "regulation and" before "reduction").

2. The General Assembly recommends to the Security Council that, as the first step towards a general regulation and reduction of armaments, the Security Council should, without further delay, negotiate with members of the United Nations under Article 43 of the Charter the special agreements making available to the Security Council on its call the armed forces, assistance and facilities necessary for the purpose of maintaining international peace and security. (New).

3. In order that atomic weapons and all other major weapons adaptable to mass destruction be eliminated from national armaments at the earliest possible date, the General Assembly urges the expeditious fulfilment by the Atomic Energy Commission of its terms of reference as set forth in Section 5 of the General Assembly Resolution of January 24th, 1946, by which the Commission is required to proceed with the utmost despatch and to make specific proposals:

"(a) For extending between all nations the exchange of basic scientific information for peaceful ends;

(b) For control of atomic energy to the extent necessary to ensure its use only for peaceful purposes;

(c) For the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction;

(d) For effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions". (Substitute for paragraph 2 of Soviet proposal).

4. A system for the general regulation and reduction of armaments should be based on a Treaty or Convention which would be accepted by virtually all States and which would provide for effective international safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions. There should be set up, under the Treaty or Convention, a Permanent International Commission of Control with power to make such investigations, including the appointment of permanent Inspectors and special Commissions of Enquiry, as it may deem necessary to satisfy itself that no breach of the Treaty or Convention and of subsequent supplementary agreements on the reduction and limitation of armaments is taking place. (New).

5. To the end that an International Treaty or Convention on disarmament may be concluded as soon as possible, the General Assembly recommends to the Security Council that, with the assistance of the Military Staff Committee, it submit plans at the earliest practicable date, to the members of the United Nations for the establishment of a system for the regulation of armaments as is provided for in Article 26 of the Charter. (Substitute for paragraph 3 of Soviet proposal).

6. The General Assembly calls upon the Governments of all States to render every possible assistance to the Security Council, the Military Staff Committee and the Atomic Energy Commission to enable them to attain speedily the objectives set forth in this Resolution. The General Assembly is confident that the attainment of these objectives would contribute greatly to the establishment of enduring peace and the maintenance of international security. Moreover, it would make possible a rise in the standards of living of all the peoples of the United Nations by lightening the heavy economic burden imposed on them by excessive expenditures for national armaments which do not correspond to peaceful post-war conditions. (Substitute for paragraph 4 of Soviet proposal). Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 224

New York, November 21, 1946

MOST IMMEDIATE. ASDEL No. 148. Following for Pearson from Reid, Begins: The following is the text of the statement on disarmament which will be given by Mr. St. Laurent in Committee I either this morning or tomorrow, depending on the progress of the Committee.<sup>1</sup> You will see that it is pretty much a paraphrase of the Resolution which we have prepared. If Mr. St.

<sup>1</sup>Ce discours ne fut pas prononcé. Le texte est reproduit ici car il présente la position canadienne.

<sup>1</sup>This speech was not delivered. The text is printed here because it states the Canadian position.

Laurent does not have to give the speech this morning, it will be possible for him to make amendments in it. In that event, I would greatly appreciate your suggestions for revision.

Text Begins:

\* \* \*

1. The concern of the Government and people of Canada that the question of disarmament be discussed at this Assembly was expressed in the speech which I gave in the opening debate before the Soviet proposal on disarmament was put forward. I then said that, in view of the Canadian delegation, "it would be in the interest of all members of the United Nations to see the Security Council equipped and ready, in fact, to enforce proper decisions for the maintenance of world peace and also to see serious consideration given to the reduction of national armaments so that the productive capacity of the world thus conserved may be used for improving the living conditions of all peoples".

2. In our view the Resolution proposed by the Soviet delegation does not go far enough. It states the objectives in general terms but it does not sufficiently point the way to the speedy attainment of these objectives. We believe that the United Nations will make progress in disarmament only if all the members of the United Nations agree to practical measures designed to convince their peoples that their nation may be secure through reliance upon means other than large national armaments.

3. How can this be done? First, I submit, by working towards a system of world security which would offer protection at least as effective to the members of the United Nations as their own national forces. Secondly, by developing such international safeguards as would give assurance to any nation that does disarm that it will not be suddenly attacked and struck down by another nation that may have evaded or violated its promises to disarm.

4. The Soviet Resolution proposes that the General Assembly recognize the necessity of a general reduction of armaments. We assume that the Soviet proposal includes the regulation as well as the reduction of armaments in accordance with Articles 26 and 47 of the Charter. With this proposition put forward in the first paragraph of the Soviet Resolution, the Canadian delegation is in cordial agreement, but we ask how it is to be implemented. The answer in the Soviet proposal is left vague. All that paragraph 3 says is that "the Security Council should ensure the effective implementing of the principles laid down in paragraphs 1 and 2".

5. I would recall to the Committee the suggestion contained in my remarks in the opening plenary debate "that the Security Council and the Military Staff Committee should go ahead with all possible speed in the constructive work of negotiating special agreements and of organizing the military and economic measures of enforcement".

6. For it is essential, I submit, that before nations deprive themselves voluntarily of the protection derived through reliance on their own national

armaments they should be afforded at least a substantial measure of protection through an organized collective force at the disposal of the United Nations. Moreover, how can nations decide how far they ought to reduce their armaments if they do not know what armed forces they should maintain as their share of putting world force behind world law?

7. The second paragraph of the Soviet proposal states "that reduction of armaments should include as a primary object the prohibition to produce and use atomic energy for military purposes".

8. Here again, I submit, the means of implementation are left unnecessarily vague. All that paragraph 3 of the Soviet proposal says is that the General Assembly should recommend that the Security Council should ensure the effective implementation of this principle.

9. I need hardly remind this Committee that the General Assembly at its 17th plenary meeting last January set up the Atomic Energy Commission for the express purpose of recommending the means to implement this very objective.

10. We are all well aware that over the peoples of the world hangs the menace of an armament race in atomic and other weapons adaptable to mass destruction unless the means are found for the swift implementation of the terms of reference of the Resolution adopted unanimously by the General Assembly on January 24th of this year.

11. It is not enough, as the Soviet proposal suggests, to prohibit the production and use of atomic energy for military purposes. As my Prime Minister stated in the House of Commons in a speech on December 17th, 1945, in explaining the Washington Declaration on atomic energy of which he was a signatory: "Up to a certain point the processes for releasing atomic energy are the same whether the purpose is an industrial, commercial, or humanitarian use, or whether it is that of mass destruction". This statement was confirmed by an international group of scientific and technical experts on the Atomic Energy Commission in their first report on "The Scientific and Technical Aspects of the Control of Atomic Energy". In the conclusions of this report it is stated "there is an intimate relation between the activities required for peaceful purposes and those leading to the production of atomic weapons; most of the stages which are needed for the former are also needed for the latter".

12. This was an essential fact which was fully grasped when in drafting the terms of reference for the Atomic Energy Commission, it was provided that the Commission should make specific proposals, among other things "for the control of atomic energy to the extent necessary to ensure its use only for peaceful purposes". These terms of reference also called upon the Commission to make specific proposals "for effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions".

13. The Atomic Energy Commission, on which Canada, as one of the pioneers in the field of atomic energy is a member, has been devoting some time to discussions which will throw light on some of the practical means which may be applied to prevent atomic energy activities required for peaceful purposes being diverted to the manufacture of atomic weapons.

14. I understand that we may shortly expect a report from the Commission on its work to date. I submit, therefore, that the most practical step for implementing the second paragraph of the Soviet proposal concerning disarmament in relation to atomic weapons is to urge the expeditious fulfilment by the Atomic Energy Commission of its terms of reference as set forth in the second part of the Resolution adopted last January.

15. Indeed nothing would create more confidence in international security measures than the fulfilment of these terms of reference by the Atomic Energy Commission. The Atomic Energy Commission has been given a job to do. When the Commission has done this job the public will feel that international co-operation is worthwhile.

16. Previous efforts at disarmament, as we know full well, failed when Powers conspired against their success by secret preparations for war. If we are now to take a step forward towards general reduction of armaments, as suggested by the Minister of Foreign Affairs of the U.S.S.R., we should bear these lessons in mind. Unilateral disarmament does not increase security. Disarmament by a few nations does not increase security. To be successful, a system for the general regulation and reduction of armaments must be based on an international Treaty or Convention on the limitation of armaments accepted and implemented by virtually all nations.

17. We must ensure that all States, which accept such a Treaty or Convention for the regulation and reduction of armaments and comply with its terms, are adequately protected against the hazards of violations and evasions. International responsibility for security without large national armaments requires effective international safeguards. International safeguards cannot be effective without international inspection.

18. I propose that with this end in view the Disarmament Treaty should provide for the setting up of a special International Commission of Control with effective powers of independent inspection and inquiry to see that any programme of disarmament is carried out faithfully by all nations. These powers should include freedom of access to inspect anywhere in any State in order that the Commission may satisfy itself that no breach of the Disarmament Treaty is taking place.

19. As a necessary preliminary to the holding of a Conference to draw up a Treaty on the limitation of armaments, the Security Council, with the assistance of the Military Staff Committee, must prepare plans. This is required of them under Article 26 of the Charter. May we not invite our Soviet colleagues to join us in being more specific on this point. May we not, for example, include a recommendation to the Security Council that it formulate,

at the earliest possible date, plans to be submitted to the members of the United Nations for the establishment of a system for the regulation of armaments.

20. As regards paragraph 4 of the Soviet proposals, I agree that the General Assembly should appeal to all Governments to give the Security Council all the assistance necessary to enable the Security Council to discharge its responsibilities on disarmament. But, as I have made clear, member Governments also have the right to appeal to the Security Council, as well as to the Military Staff Committee and the Atomic Energy Commission, to fulfil their obligations relating to disarmament.

21. Finally, the Canadian delegation expresses sincere agreement with the sentiment contained in the last sentence of paragraph 4 of the Soviet proposal, that disarmament is "in the interest of the peoples who would be released from the heavy economic burden caused by the excessive expenditure on armaments". The Canadian Government desires most earnestly that the people in all nations be spared the heavy financial burden imposed on them by excessive expenditures for national armaments. We want to see the standards of living of all the peoples of the world raised to the highest possible level. We do not want the productive resources of the world squandered on armaments. It is for this reason that the Canadian delegation has suggested practical ways by which immediate progress could be made towards a general reduction of armaments, believing that the Soviet proposal is deficient in this respect.

22. In conclusion, Mr. Chairman, I should like to submit an amendment of the Soviet proposal on disarmament which incorporates the suggestions I have made. Text Ends. Ends.

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*Mémorandum de la deuxième direction politique au sous-secrétaire d'État  
aux Affaires extérieures*

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

SECRET

[Ottawa,] November 22, 1946

I spoke to Mr. Reid on the telephone concerning the speech and resolution on disarmament. I told him that you had mentioned these to the Prime Minister who had expressed a favourable opinion, and said that the Delegation should now feel free to go ahead and offer the resolution, if that continued to seem the appropriate action.

Mr. Reid said that the debate on armed forces was continuing and he thought it unlikely that the delegation would have an opportunity to put its motion of disarmament until tomorrow or perhaps Monday. He said that Mr. Bevin was endeavouring to have the two questions combined and had

moved a procedural resolution to that end. The Russians, however, would resist this effort and he thought that Mr. Bevin would be voted down.

Mr. Reid said that the delegation would vote, in the first instance, for Mr. Bevin's motion proposing to combine the armed forces and disarmament questions. If this were defeated they would then vote for the Soviet motion on armed forces as amended by the United States. If this in turn were defeated they would then vote for the Soviet motion as originally placed. Mr. St. Laurent had expressed the opinion that the Soviet motion, even in its original form, should be supported, since it would be taken by the public generally to be a step in the direction of disarmament. Mr. Reid said that the United Kingdom delegation seemed to have got itself in the position where it would have to vote against both the United States amendment and the Soviet proposal.

Once the armed forces question was out of the way, the debate would be resumed on disarmament, and there is to be a Commonwealth meeting on the subject tomorrow morning. The Australians, meanwhile, had shown them a draft resolution on disarmament which was essentially a draft prepared by the Canadian delegation on November 4th. The Canadians had not yet put in their new draft nor had the Australians formally placed theirs. It seemed possible that some agreed action might come out of the Commonwealth meeting tomorrow.

R. G. RIDDELL

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*Mémorandum du conseiller,<sup>1</sup> la délégation à l'Assemblée générale des Nations Unies, au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Adviser,<sup>1</sup> Delegation to the General Assembly of the United Nations, to Under-Secretary of State for External Affairs*

[Ottawa,] November 22, 1946

As agreed, I spoke to Escott Reid on the telephone regarding his report that the Australians proposed to move their amendment of the Soviet proposal on disarmament.

Escott gave me the following information on how matters stood on the disarmament debate:

(1) the United States delegation has succeeded in getting the meeting of Committee I, scheduled for Saturday morning, cancelled in order to try to get agreement between the British and Soviet positions on the Soviet proposal regarding the presence of forces of members of the United Nations on non-enemy territories;

<sup>1</sup>G. Ignatieff. M. Ignatieff était alors à Ottawa.

<sup>1</sup>G. Ignatieff. Mr. Ignatieff was then in Ottawa.

(2) the United States delegation also hope to get the debate on the Soviet resolution concerning the general reduction of armaments postponed in order to get an agreed text of amendment of the Soviet Resolution;

(3) the Australians have indicated that they will not take action regarding their proposed amendment until the Commonwealth meeting tomorrow; and

(4) Escott said that he was sending in a note to Mr. St. Laurent, advising him to urge the Commonwealth meeting that there should be an agreed text, not exclusively on a Commonwealth basis, but one which the United States delegation would also accept and would sponsor. He will suggest that the Australians be persuaded not to take action on their amendment, in order to avoid having four separate resolutions before the Committee, which would necessitate a drafting group, giving the Soviet representatives a further opportunity of argument.

I gave Escott to understand that you would agree with the United States taking initiative on an amendment, but not Australia.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 240

New York, November 23, 1946

SECRET. ASDEL No. 159. Following for Pearson from Reid, Begins: Soviet resolutions on the presence of armed forces abroad<sup>1</sup> and on disarmament.<sup>2</sup>

1. Yesterday morning's discussion in the first committee on the presence of armed forces abroad, indicated that it was possible that, if the Bevin resolution that this question be considered together with disarmament were put to a vote, it might be defeated and that the Molotov resolution on troops, possibly amended to include forces at home, would be carried in spite of United Kingdom opposition.

2. The United States delegation has had this morning's meeting of the first committee postponed until Monday, since they hope over the week-end to work out a resolution on troops which will be satisfactory both to the United Kingdom and the U.S.S.R. Bevin is not very pleased with this United States move but is, of course, reserving final judgment until he sees the text of the United States compromise.

3. Had the Bevin resolution been put to the vote yesterday, we intended to vote for it. We also intended to vote for the amendment which we understood

<sup>1</sup> Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, première commission, annexe 8a, p. 333.

<sup>2</sup> Voir le document 454.

<sup>1</sup> See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, First Committee, Annex 8a, p. 333.

<sup>2</sup> See Document 454.

the United States would introduce to include forces at home. Even if this proposed United States amendment were defeated (which was most unlikely), we intended to vote for the Soviet resolution and so informed the United Kingdom delegation who themselves intend to vote against it. Our feeling is that the Soviet resolution will be considered generally by the public as a step towards disarmament, and that it would therefore be difficult to explain Canadian opposition to it.

4. The British Commonwealth meeting will be held Monday morning, November 25th, to discuss the question of forces abroad and of disarmament. On November 21st we gave the text of our amendment of the Soviet proposal on disarmament to the United Kingdom and United States. On November 22nd we received from the Australian delegation the text of the amendment which they had intended to propose and which they are holding pending the conclusion of the debate on forces abroad. In view of the proposed Commonwealth meeting (which was originally scheduled for this morning), we gave the text of our amendment yesterday to the other Commonwealth delegations marked "confidential until released".

5. The proposed Australian amendment on disarmament is substantially our original draft of November 4th. It does not, repeat not, embody any of the proposals for amendment made in the Australian draft which the Australians gave us on November 4th.

6. The United States informed us yesterday afternoon that they are working out "pretty concrete and specific proposals on disarmament", the major plank in the proposals being the necessity of effective international inspection. The United States want another week to work their proposals out and intend to ask for a week's postponement of the disarmament discussions.

7. United Kingdom hope to receive tomorrow from the United States, the preliminary draft of the two United States resolutions on troops and on disarmament. The United States delegation is holding a long meeting this morning on the subject. United Kingdom will send us these documents tomorrow along with their own draft resolution on disarmament which they will have revised in the light of the United States resolution. The Commonwealth meeting on Monday will therefore have before it the United States, United Kingdom, Canadian and Australian resolutions.

8. The line which Mr. St. Laurent proposes to take at the Commonwealth meeting is, that the chances of a successful outcome (from the point of view of the western Powers) of the discussions in this Assembly on disarmament, would be materially increased if the United States were to propose a resolution so good that none of us would feel it necessary to move amendment to it. If more than one substitute for the Molotov resolution is introduced, Manuilsky, the Chairman of the Committee, will appoint a Drafting Committee and the appointment of such a Committee would play into the hands of the Soviet Union. Mr. St. Laurent may therefore suggest that the United

States, United Kingdom, Canada and Australia may try to reach agreement on the resolution which would be introduced by the United States.

9. We are doing what we can to dissuade the Australians from introducing their resolution on disarmament. We concur entirely in the views which you have expressed and while we are prepared to see the United States take the initiative, we are not, repeat not, prepared to have the initiative taken by Australia. We understand that Dr. Evatt's instructions are that Australia should produce an amendment if the United States does not. If this instruction still stands, the Australian delegation is not bound by Dr. Evatt to produce an amendment since it now seems clear that the United States will produce one. Ends.

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*Le conseiller, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Adviser, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

TOP SECRET

New York, November 23, 1946

Dear Mr. Pearson,

Today Cockram of the Dominions Office asked me if we could attend a Commonwealth meeting Monday morning at 9:00 to discuss the resolution on disarmament moved by the Soviet delegation. The meeting would not be of heads of delegations but of the members of the Commonwealth delegations on the first (political) committee of the Assembly. The chief United Kingdom representatives would be Noel-Baker and Cadogan and the meeting would be held at Essex House, not the Waldorf-Astoria. For reasons explained below it has now been decided that Bevin will preside over the meeting.

I spoke to Mr. St. Laurent who said that he was willing to meet any one at any time if the meeting was likely to serve a useful purpose. However, he doubted whether a meeting would serve a useful purpose if the representatives of one government at it (i.e. the United Kingdom) had so little freedom of action that it would be impossible for them to try to harmonize their views with those of the others at the meeting. The meeting would, in that event, take the form of one side (the U.K.) lecturing the others on why they should support the policies which it had determined upon.

With Mr. St. Laurent's permission, I spoke frankly to Cockram along the lines of Mr. St. Laurent's remarks, leaving out the reference to the lecture.

Cockram replied that, as I knew, they had difficulties in their delegation with the result that it was embarrassing for them to discuss with Commonwealth delegations questions of major policy at a meeting where their whole

delegation was present. (What he was referring to was, of course, the open differences of opinion at Commonwealth meetings between Bevin and Noel-Baker.)

I replied that while I realized that, it was also embarrassing for us to attend a meeting with Noel-Baker present and not Bevin and then have our arguments used by [Noel-]Baker to persuade Bevin to change his mind.

As a result of this conversation the United Kingdom delegation decided that the Commonwealth meeting would be attended by Bevin as well as Noel-Baker.

Yours sincerely,

ESCOTT REID

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 247

New York, November 26, 1946

SECRET. ASDEL No. 165. Following for Pearson from Reid, Begins: Troops and Disarmament.

The Commonwealth meeting yesterday morning spent most of its time discussing the troops problem. Bevin stated that the United Kingdom delegation had now been authorized by the Cabinet in London to move a Resolution incorporating the Molotov proposal adding troops at home and a procedure for verification of the returns received. Various formulas were suggested by the United Kingdom delegation and Smuts. The formula proposed by Shawcross, United Kingdom Attorney General, contained the phrase that the establishment of satisfactory verification machinery by the Security Council should be a "condition precedent" for sending in the information.

In the course of the discussion, Mr. St. Laurent expressed the hope that the instruction from the Cabinet in London could be carried out without using the words "condition precedent". The Soviet Union was being successful in persuading the public that they were the champions of disarmament. The public could understand that the information received would have to be verified but they might find it difficult to understand that a satisfactory verification procedure should be condition precedent. He added that should the United Kingdom proposal be defeated and the Molotov Resolution be amended to include troops at home, it might be difficult for Canada to oppose the Soviet Resolution as amended.

At yesterday morning's meeting of the Political Committee, Noel-Baker gave a telling speech in favour of the United Kingdom position and circulated a United Kingdom Resolution, the text of which is given in my immediately succeeding teletype.

The United States is reluctant to support the last paragraph of the United Kingdom Resolution.

We, of course, intend to support it and may speak on Tuesday in favour of international responsibility through the verification procedure. Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 248

New York, November 26, 1946

ASDEL No. 166. Following for Pearson from Reid, Begins: My immediately preceding teletype, troops abroad.

Following is the text of the United Kingdom Resolution submitted by Noel-Baker today, Begins:

"The Committee considers that items 4 and 5 on the agenda are concerned with two aspects of the same question, the reduction and regulation of armaments.

As a first step in a study of this question, and to assist in the implementation of Article 43, the Committee proposes that the Assembly recommend that all members of the United Nations furnish the following information to the Secretary-General for communication to the Security Council and to other members of the United Nations, and for publication.

(1) At what points in the territory of members of the United Nations or other States, with exception of former enemy territories, and in what number, are armed forces of other members of the United Nations, including military type formations.

(2) At what points in the former enemy states, and in what number, are armed forces of the Allied Powers and other members of the United Nations, including military type formations.

(3) At what points in the above-mentioned territories are air and naval bases, and what is the size of their garrisons, belonging to the armed forces of States members of the United Nations.

(4) What is the total number of their uniformed personnel on the active list, wherever stationed, at home as well as abroad including military type formations.

This information, which should be furnished not later than January 1st, 1947, should relate to the situation on that date, and should be immediately subjected to an effective United Nations system of verification on the spot by a Committee to be established by the Security Council before that date."

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 249

New York, November 26, 1946

SECRET. ASDEL No. 167. Following for Pearson from Reid, Begins: Disarmament.

My immediately following teletype gives the text of the November 25th version of our amendment of the Soviet proposal on disarmament.

The Australian delegation informed us yesterday that they were under instructions to present their amendment on the Soviet proposal.<sup>1</sup> We, therefore, got in touch with Noel-Baker of the United Kingdom delegation and with the American delegation to find out whether they would be caused any embarrassment by our submitting our amendment.

Noel-Baker was very much in favour of our doing so but the American delegation informed us that while certain parts of our Resolution were along the lines of theirs, others were not. They stated that they intend to submit a Resolution on disarmament "of great importance". Their Resolution will not be ready until the end of this week, but they intend to consult us then. They expressed the hope that we would put off sending in our Resolution until we had a chance to see theirs. They insisted that this hope was in no sense a request.

In the light of this expression of opinion by the American delegation, we consulted with the Australian delegation and agreed that we would both ask our Governments for permission to withhold our respective amendments until we had had a chance to consult with the United States.

We have also given the United States a copy of our November 25th draft and have expressed the hope that their Resolution will be so good that it will not be necessary for us to move amendments to it. Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 250

New York, November 26, 1946

SECRET. ASDEL No. 168. Following for Pearson from Reid, Begins: Reference my immediately preceding teletype. Following is the November 25th text of our amendment of the Soviet proposal on disarmament, Begins:

<sup>1</sup> Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, première commission, annexe 9b, pp. 337-38.

<sup>1</sup> See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, First Committee, Annex 9b, pp. 337-38.

1. With a view to strengthening international peace and security in conformity with the purposes and principles of the United Nations, the General Assembly recognizes the necessity of an early and general regulation and reduction of armaments. (First paragraph of Soviet proposal, substituting "purposes and principles" for "aims and principles" and "an early and general regulation and reduction" for "a general reduction".)

2. The General Assembly recommends to the Security Council that, as the first step towards a general regulation and reduction of armaments, the Security Council, without further delay, proceed to negotiate with members of the United Nations under Article 43 of the Charter the special agreements making available to the Security Council on its call the armed forces and other assistance and facilities necessary for the purpose of maintaining international peace and security. (New)

3. In order that atomic weapons and all other major weapons adaptable to mass destruction shall be eliminated from national armaments at the earliest possible date, the General Assembly urges the expeditious fulfilment by the Atomic Energy Commission of its task under the terms of reference set forth in Section 5 of the General Assembly Resolution of January 24th, 1946, by which the Commission is required to proceed with the utmost despatch and to make the following specific proposals:

(a) For extending between all nations the exchange of basic scientific information for peaceful ends;

(b) For control of atomic energy to the extent necessary to ensure its use only for peaceful purposes;

(c) For the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction;

(d) For effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions. (Substitute for paragraph 2 of Soviet proposal.)

4. The General Assembly recommends a system for the general regulation and reduction of armaments based on a Treaty or Convention accepted by virtually all States and providing for effective international safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions. It further recommends that there be set up, under the Treaty or Convention, a Permanent International Commission of Control with power to make such investigations, including the appointment of permanent Inspectors and special Commissions of Enquiry, as it may deem necessary to satisfy itself that no breach of the Treaty or Convention and of subsequent supplementary agreements on the regulation and reduction of armaments is taking place. (New)

5. To the end that an international Treaty or Convention on disarmament may be concluded as soon as possible, the General Assembly recommends to the Security Council that, with the assistance of the Military Staff Committee, it submit plans at the earliest practicable date to the members

of the United Nations for the establishment of a system for the regulation of armaments as is provided for in Article 26 of the Charter. (Substitute for paragraph 3 of Soviet proposal.)

6. The General Assembly, being confident that the attainment of these objectives would contribute greatly to the establishment of enduring peace and the maintenance of international security, and being convinced that it would make possible a rise in the standards of living of all the peoples of the United Nations by lightening the heavy economic burden imposed on them by excessive expenditures for national armaments which do not correspond to peaceful post-war conditions, calls upon the Governments of all States to render every possible assistance to the Security Council, the Military Staff Committee and the Atomic Energy Commission to enable them to attain speedily the objectives set forth in this Resolution. (Substitute for paragraph 4 of the Soviet proposal.). Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 285

New York, November 29, 1946

SECRET. ASDEL No. 194. Following for Pearson from Reid, Begins: Soviet Resolution on Armed Forces Abroad.

1. The discussion in Committee No. 1 opened yesterday with the amendment proposed by the Egyptian delegation to the Soviet Resolution, quoted in paragraph 5 of my message ASDEL No. 186 of November 28th. †

2. Noel-Baker has returned to the United Kingdom, and Shawcross, who has replaced him, argued that the Egyptian proposal was not an amendment, but really a substantive proposal which should be considered on its merits. He suggested that, as a substantive proposal, it should go to the General Committee for allotment to the agenda of the appropriate Committee.

3. Connally asked the Egyptian representative to withdraw his Resolution, and said that, in any case, it would need to be carefully considered as it might, for instance, involve the withdrawal of United States troops in the Panama Canal Zone.

4. The Egyptian representative said that it was the intention of the Egyptian delegation that the proposal be debated fully, and agreed to have the proposal considered as a separate Resolution.

5. The question then arose as to whether it would be considered immediately in Committee No. 1 or would be introduced as a separate Resolution. Shawcross argued that, in its present form, it was an amendment to the Soviet Resolution, and as it had been withdrawn, it was not appropriate to discuss it at the present time. The Egyptian representative agreed to abide by the ruling

from the Chair, and Manuilsky ruled that in its present form it had been withdrawn.

6. This unexpectedly expeditious disposal of the Egyptian Resolution in Committee No. 1 left only the final voting on the amended Soviet Resolution on armed forces abroad as a whole.

7. Before the vote, Vyshinsky made a brief statement to the effect that the Soviet delegation would vote against the motion as a whole because, as a result of the amendments which had been adopted the day before yesterday, the Soviet Resolution on the presence of armed forces of members of the United Nations on non-enemy territories had been mixed up with the next item on the agenda, namely, the proposal concerning the general reduction of armaments.

8. The Committee then voted 34 in favour of the Soviet Resolution as amended by the United Kingdom and United States delegations, 7 voted against and there were 4 abstentions. Canada voted for the Resolution.

9. Immediately after the vote, Hasluck proposed that the Committee deal with items 1, 2, and 3 of its agenda, namely, the question of the veto raised in the Australian and the two Cuban proposals. He said that the Australian delegation had some minor changes to suggest in three original Resolutions, and that the whole matter might be dispatched in one or two meetings. Hasluck's proposal was supported by the United States and United Kingdom delegations. Shawcross, in supporting Hasluck, made an unfortunate remark to the effect that there were only five working days left for the Committee and that it was therefore time the veto question was dealt with.

10. However, Vyshinsky intervened to say that, as the Resolution just adopted by the Committee had linked the statement on armed forces with disarmament, it was logical to proceed immediately with the debate on the Soviet proposal under item 5 of the agenda concerning the general reduction of armaments. Not without coincidence, Molotov, accompanied by Gromyko and his staff, entered the Committee room at this moment, and Manuilsky from the Chair proposed that a special day be set aside for a debate on the veto. Hasluck agreed, and the Committee proceeded with item 5 of the agenda, i.e., the discussion on disarmament which is reported in my immediately following telegram. Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 286

New York, November 29, 1946

SECRET. ASDEL No. 195. Following for Pearson from Reid, Begins: Proposal concerning general reduction of armaments.

1. Molotov opened the debate with a statement which contained little that had not been said in his original statement in the opening debate in plenary session.

2. After emphasizing Soviet initiative in introducing the discussion on disarmament in the General Assembly, he said that it was important that an end be put to the present armament race to enable budgets to be cut and to lift consequent financial burdens from all peoples. He emphasized that disarmament must cover not only national armies and navies but also all forms of armament and equipment. The recommendations of the Assembly, he hoped, would initiate a movement towards disarmament.

3. On the subject of atomic energy, on which he placed his main emphasis, he said that disarmament should have as the primary objective the forbidding of the use and manufacture of atomic weapons. He recalled the Soviet proposals put forward in the Atomic Energy Commission by Gromyko which, he said, still represented Soviet policy. He stressed the argument that atomic weapons were not decisive against military forces but were destructive of civil populations. It was for this reason that the Soviet Government proposed that atomic weapons be outlawed entirely and their manufacture prohibited and existing stocks destroyed. He suggested that atomic weapons were analogous to gas and bacteriological methods of warfare which had been similarly banned.

4. He linked disarmament in relation to the control of atomic weapons with other measures of disarmament and said that the details would require working out. He quoted Stalin's statement to the effect that strong international control is needed.

5. He then proposed that the Security Council, as the Organ of the United Nations having primary responsibility for the maintenance of peace and security, should set up Special Commissions:

- (a) For the control of disarmament generally, and
- (b) For the control of disarmament in relation to atomic weapons.

Both bodies would have powers of inspection and would operate as a result of special agreements with members of the United Nations. Having thus suggested that power and responsibility in relation to disarmament generally, and atomic weapons particularly should be entrusted to the Security Council he said that the Soviet Government for its part would do all possible to facilitate a practical solution.

6. The sudden ending of the debate on the Soviet resolution on armed forces abroad as a result of the withdrawal of the Egyptian resolution left delegations unprepared to enter into the debate on disarmament. In particular, the United States delegation had not come prepared to make a statement today and consequently they volunteered that we should no longer take into account their hope that we withhold our resolution pending their statement.

7. Accordingly, after Parodi made brief remarks of a general character on disarmament, Mr. Wilgress delivered the prepared statement<sup>1</sup> and moved the resolution<sup>2</sup> in the form which has been approved by the Prime Minister and Mr. St. Laurent.

8. Mr. Wilgress' statement was followed by Hasluck who had come unprepared to make a statement but in view of his strict instructions from Evatt to move the Australian amendment he tabled it with a few general observations.

9. The United Kingdom was also unprepared for the debate and Shawcross also confined himself to a few general observations and reserved the United Kingdom position until the United Kingdom delegation had an opportunity to study the Molotov statement and the Canadian and Australian amendments to the Soviet resolution which had not been circulated.

10. Owing to lack of other speakers the debate was adjourned until today.

11. In conversation afterwards, the United States and United Kingdom delegations expressed relief that we had moved our amendment of the Soviet resolution as otherwise there would have to be a request for adjournment of the debate which would obviously have been embarrassing.

12. Text of Soviet amendment to their own resolution is in my immediately following teletype. † Ends.

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*Extrait du Communiqué à la presse PM/175 des Nations Unies*

*Extract from Press Release PM/175 of the United Nations*

November 29, 1946

## FIRST COMMITTEE

DELEGATION OF CANADA: AMENDMENT OF THE SOVIET PROPOSAL ON  
DISARMAMENT (A/BUR/42) 29 NOVEMBER, 1946

The Canadian Delegation accepts the following proposals which are contained in the Australian Delegation's amendment (A/C.1/82) to the Soviet proposal on disarmament:

(1) Add as new paragraph between paragraphs 3 and 4 of the Canadian amendment:

"The General Assembly considers that, since the activities in the domain of atomic energy leading to peaceful and destructive ends are so intimately

<sup>1</sup> Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, première commission, trentième séance, 28 novembre 1946, pp. 182-84.

<sup>2</sup> Voir le document 466.

<sup>1</sup> See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, First Committee, Thirtieth Meeting, November 28, 1946, pp. 182-84.

<sup>2</sup> See Document 466.

inter-related as to be almost inseparable, the control of atomic energy to ensure its use only for peaceful purposes, the elimination of atomic weapons from national armaments, and the provision of effective safeguards to protect complying states against the hazards of violations and evasions must be accomplished through a single international instrument or treaty designed to carry out these related purposes concurrently."

(2) Substitute in the second sentence of paragraph 4 of the Canadian amendment for the words "satisfy itself that no breach" the words "detect a breach or threatened breach"; and delete at the end of the sentence the words "is taking place".

(3) Add at end of paragraph 5 of the Canadian amendment the following sentence:

"These plans should be co-ordinated with the recommendations which are made from time to time by the Atomic Energy Commission."

. . .

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*Discours du représentant suppléant, la délégation  
à l'Assemblée générale des Nations Unies*

*Speech by Alternate Representative, Delegation  
to the General Assembly of the United Nations*

SPEECH BY MR. L. D. WILGRESS (CANADA) BEFORE  
COMMITTEE I, 30 NOVEMBER, 1946

The Representative of the Soviet Union, as well as certain other representatives have been good enough to refer to the amendment to the Soviet proposal on disarmament which has been proposed by the Canadian Delegation.

Perhaps a word of clarification at this point might assist the discussion in the committee.

First of all, you will have observed that we have circulated an amended version of our original proposal in an endeavour to carry out the suggestion of several representatives on this Committee that the amendments of the Soviet proposal should be, if possible, brought into conformity with one another.

We have found no difficulty in accepting three points contained in the Australian Delegation's amendment which were not included in our amendment. In other respects the Australian amendment conforms closely to ours, except that it does not include certain points which we think should be covered in an Assembly resolution on disarmament.

The Canadian Delegation expects that other delegations will put forward constructive suggestions. For our part we will welcome the proposal of the Philippines Delegation that this Committee establish a drafting sub-committee to try to bring together an agreed text.

Mr. Vyshinsky has rightly urged that we should not waste our time haggling over forms of words. This was far from the intention of the Canadian Delegation in proposing our amendments to the Soviet proposals. We would gladly yield to the Soviet Delegation the rights of authorship if the matter of difference between us was merely a question of words. However, this is not the case, as I had hoped the statement which I made on Thursday would have made clear.

We share Mr. Vyshinsky's thoughts on empty words and pious resolutions to disarm. We do not wish to see this Assembly adopt a resolution that did not clearly indicate the means of its implementation. Mr. Vyshinsky has said that quote the road to hell is paved with good intentions unquote. Let us also remember that the road to the last war was paved with pious resolutions.

Mr. Vyshinsky invited us to agree to his resolution in principle. With much of what he said in principle our Delegation is happy to agree. Principle and practice, however, are necessarily intertwined.

Mr. Vyshinsky, in his remarks yesterday, I was glade to note, agreed with the principle that disarmament and security must go together. It is exactly for this reason that the Canadian Delegation has submitted a paragraph, which is lacking in the Soviet resolution, calling upon the Security Council to proceed without delay in the conduct of negotiations with Members of the United Nations for the special agreements envisaged in Article 43 of the Charter. It is evident to us that nations will be unwilling to disarm unless and until effective collective measures are established which will assure them of protection against attack. Moreover, how can nations decide how far they ought to reduce their armaments if they do not know what armed forces they should maintain as their share of putting world force behind world law?

Mr. Vyshinsky has also invited us to accept the Soviet proposal as it stands, with the implementation of the decision concerning the reduction of armaments should include as a primary objective quote the prohibition to produce and use atomic energy for military purposes end of quotation. [*sic*]

I do not think that any useful purpose would be served to embark in this Committee on the reasons, which have been expounded at length in the Atomic Energy Commission and have been referred to briefly already in this Committee, why a mere prohibition to produce and use atomic weapons, by itself, is not enough. Suffice it to repeat that the very processes which are employed for the application of atomic energy to peaceful purposes produce the fissionable product which can be used directly in the manufacture of the atom bomb. This essential fact was given recognition in paragraph 2 of the Australian amendment. In order to give more precision to the reason for our amendment of paragraph 2 of the Soviet resolution, the Canadian Delegation has been glad to change the text of its amendment to include the elaboration contained in the Australian amendment to this effect.

We are faced, therefore, either with the total prohibition of the use of atomic energy or its control for peaceful purposes only. I need hardly remind

Mr. Vyshinsky that paragraph 2 of the Soviet proposal is already covered by paragraph c of Section 5 of the Assembly resolution, where it is stated that the proposals of the Commission should provide, among other things, for the elimination of atomic weapons from national armaments. Like Mr. Vyshinsky, I do not desire to split hairs over words, and I am sure that he will agree that quote elimination from national armaments unquote means both the prohibition of the manufacture and use of atomic weapons. This is to be part of the plan for the control of atomic energy which the Atomic Energy Commission is charged with working out.

If the new discovery of atomic energy is, as the representative of the Soviet Union so aptly says, to be used for the benefit of mankind and not for its destruction, measures of effective control must be devised to provide safeguards for all nations. The prohibition of the production and use of atomic energy for war must not result in its prohibition for peace. At the present time the Atomic Energy Commission is earnestly engaged (as Mr. Parodi has just reminded us) in devising measures of control which would provide effective safeguards. It is for this reason that the Canadian Delegation has proposed that the Assembly should urge quote the expeditious fulfillment by the Atomic Energy Commission of its task unquote—not just part of its task but its whole task—as set forth in Section 5 of the Assembly resolution of January 24, 1946. If my Soviet colleague is willing to re-affirm the stand of his Government as expressed in the vote of the Soviet representative on January 24th last, as I am sure he will, he should have no difficulty, I submit, in accepting the substitution of the third and fourth paragraphs of the revised Canadian amendment to the second paragraph of the Soviet resolution.

As regards paragraph 5 of the revised Canadian amendment, we are glad to find ourselves in agreement with Mr. Vyshinsky that any system for the general regulation and reduction of armaments should be accompanied by provision for inspection. We are now speaking of measures of control relating to weapons other than atomic weapons. Paragraph 5 of the revised Canadian amendment provides for a permanent international commission of control to be set up under the terms of a disarmament treaty, with power to make investigations either through permanent inspectors or by special commissions of enquiry to detect breaches, or threatened breaches, of the disarmament treaty. The supplementary proposals submitted by the Soviet Delegation contained in paper A/C1/83 of November 26th, propose, as one of two special organs of inspection set up under the Security Council, a commission for the control of the execution of the decision regarding the reduction of armaments. We warmly welcome the fact that the Soviet Union accepts in principle control by inspection of disarmament in matters of troops, weapons, and general war potential. The question, however, has been raised by other representatives as to the effectiveness of this principle if it were applied under the limitation imposed by the rule of unanimity in the Security Council.

What do the words quote within the framework of the Security Council unquote in the Soviet proposal mean? Are we to understand that before an inspection is carried out by such a commission in the territory of any one of the Permanent members, that member would be able to exercise his veto to prevent such inspection? Are we to understand that if such inspections were not prevented by the exercise of the veto, any action resulting from a report by the inspecting commission would be subject to veto action by one of the permanent members?

If that is what quote within the framework of the Security Council unquote means, then, I submit, the powers of the inspection commission proposed in the Soviet resolution will be quite insufficient. The Permanent International Commission of Control established under an international disarmament treaty, envisaged in the revised Canadian amendment would have freedom of access to inspect *anywhere* in *any* state, in order to satisfy itself and satisfy the whole world that no breach of the disarmament treaty is taking place.

And now let me say a few words of explanation on the subject of paragraph 6 of the revised Canadian amendment. The discussion of principles such as those which have been so usefully enunciated by the representatives of the United States and Australia are of undoubted value as a starting point towards disarmament. But I submit that, as envisaged in the Charter, it is essential that the members of the United Nations should have some concrete plans preliminary to the calling of a general conference to negotiate an international treaty or convention on disarmament. This is provided for in Article 26 of the Charter and we suggest, here again, that this Assembly could usefully recommend that the Security Council, with the assistance of the Military Staff Committee, expedite its work. We fully recognize in this connection the importance of atomic weapons and for this reason we have been glad to accept the suggestion contained in the Australian amendment that the plans of the Security Council and the Military Staff Committee should be co-ordinated with the recommendations of the Atomic Energy Commission in this regard.

The Soviet representative has suggested in a further supplementary proposal that the Assembly should declare itself in favour of the proposition that all Members of the United Nations should submit information on armed forces and armaments on their territory for submission to the Security Council when examining proposals regarding the general reduction of armaments. This is a proposition which undoubtedly has its place in the consideration of a disarmament scheme but surely what we need first are not figures but plans, or at least the outline of plans.

First we need a plan for the effective control of atomic energy for if we succeed here we lay the foundations for that international confidence which will make possible further progress in disarmament. That is the core of the disarmament problem. We also need plans from the Security Council and Military Staff Committee for the implementation of Article 43 to protect nations by collective force in place of reliance on national armaments. We also

need plans from the Security Council and Military Staff Committee for the establishment of a system for the regulation of armaments under Article 26.

Until we have plans, what use is there of turning the Security Council or any other agency into a recipient of a vast amount of detailed information.

Let these bodies get on with the work of preparing plans which we need to put disarmament into effect and when these plans are ready and carry the support and confidence of the nations then we may be sure that nations will be ready and willing to give whatever information is necessary to put the agreed plans into effect. For this reason the Canadian resolution in its final paragraph proposes that the Assembly should call upon the governments of all states to render every possible assistance to the Security Council, the Military Staff Committee and the Atomic Energy Commission to enable them to obtain concrete and effective proposals.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 299

New York, November 30, 1946

ASDEL No. 202.

1. Disarmament. At the end of the Committee meeting this morning the United States circulated their resolution on disarmament. In succeeding telegrams we shall report and comment on this morning's meeting of the Political Committee.

2. The text of the United States proposal is as follows, Begins:

1. With a view to strengthening international peace and security in conformity with the purposes and principles of the United Nations, the General Assembly recognizes the necessity of an early general regulation and reduction of armaments.

2. Accordingly, the General Assembly recommends that the Security Council give prompt consideration to working out the practical measures, according to their priority, which are essential to provide for the general regulation and reduction of armaments pursuant to international treaties and agreements and to assure that such regulation and reduction will be generally observed by all participants and not unilaterally by only some of the participants.

3. The General Assembly recognizes that essential to the general regulation and reduction of armaments is the early establishment of international control of atomic energy and other modern technological discoveries to ensure their use only for peaceful purposes. Accordingly, in order to ensure that the general regulation and reduction of armaments are directed towards the major

weapons of modern warfare and not merely towards the minor weapons the General Assembly recommends that the Security Council give first consideration to the report which the Atomic Energy Commission will make to the Security Council before December 31, 1946, and facilitate the progress of the work of that Commission.

4. The General Assembly further recognizes that essential to the general regulation and reduction of armaments is the provision of practical and effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions. Accordingly the General Assembly recommends to the Security Council that it give prompt consideration to the working out of proposals to provide such practical and effective safeguards in connection with the control of atomic energy and other limitation or regulation of armaments.

5. The General Assembly calls upon the Governments of all States to render every possible assistance to the Security Council and the Atomic Energy Commission in order to promote the establishment of international peace and collective security with the diversion for armaments of the world's human and economic resources. [*sic*] Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 300

New York, November 30, 1946

IMMEDIATE. TOP SECRET. ATOM No. 184. Following from Atomic Energy Commission, Begins: Following from McNaughton, Begins:

1. I have been following with the closest personal attention the discussions in Committee 1 of the Assembly on disarmament. The delegation to the Assembly has, I understand, kept you informed of the developments in Committee 1 and in particular you will have seen the text of the statement which Mr. Wilgress made today in support of the Canadian revised amendment to the Soviet resolution on disarmament.

2. I have, of course, been in close touch with the delegation to the Assembly in relation to disarmament matters and the terms of the Canadian resolution and statements in support carry my full agreement.

3. You will have noted that the Canadian proposal has had the full support of Great Britain among others. Until today, we had hoped that the United States delegation would either have taken an initiative which we could follow or have given their support to our proposal.

4. However, towards the conclusion of today's discussion, a United States proposal was circulated in the Committee, the text of which has been forwarded to you by the delegation to the Assembly.<sup>1</sup>

5. In the second paragraph of this document it is proposed that the General Assembly recommend that "the Security Council give first consideration to the report which the Atomic Energy Commission will make to the Security Council before December 31st, 1946". As a sequel we may expect that the United States delegation in the Atomic Energy Commission will press for conclusions in the Report to the Security Council that may even go so far as virtual endorsement of the Baruch plan.

6. Such a development in the United States attitude would undoubtedly raise almost immediately difficult problems for the Canadian delegations not only in the Assembly but also in the Atomic Energy Commission. In this connection, Parodi, the Chairman of the Atomic Energy Commission for the current month, stated in the course of his remarks in Committee 1 today that he intended shortly to call a meeting of the Atomic Commission. He did, however, add that he felt that the debates in the Assembly should not prejudice the work of the Atomic Commission in any way.

8. [*sic*] You will recall that in the plenary session on November 13th when supporting the proposal of the United States delegation that a report be rendered to the Security Council before the end of the year, I made it clear that I understood that report would be a progress report on the work of the Commission to date (see my message ATOM No. 174 of November 14th, paragraph 7).†

9. This interpretation of the scope of the report to be rendered before 31st December, 1946, was confirmed by the Chairman at the first informal conversation of Committee 2 and is, I think, generally accepted. However, I do not think that interpretation is agreeable to the United States delegation to the Atomic Energy Commission.

10. I feel that should this matter be raised again I should hold to the interpretation that the Commission's report to the Security Council should be a progress report not merely for consistency but because in my view any attempt to force the Commission to go beyond the matters which have been fully explored will not, repeat not, command majority support.

11. We have so far only discussed the council aspects of control to prevent diversion of materials and clandestine activities. We have not considered, except in terms of general principle in the early stages, the functions and powers of an International Authority to control atomic energy or its relations to the United Nations.

<sup>1</sup>Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, première commission, annexe 9h, p. 343.

<sup>1</sup>See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, First Committee, Annex 9h, p. 343.

12. A progress report, therefore, to the Security Council could hardly go beyond a statement of certain of the technical safeguards that might be used. This would not permit important political conclusions to be drawn.

13. I should also like to draw your attention particularly to paragraph 3 of the proposal of the United States delegation "that the General Assembly recommends to the Security Council that *it* give prompt consideration to the working out of proposals to provide such practical and effective safeguards in connection with the control of atomic energy". This provision would seem to imply a United States view that the Atomic Energy Commission has failed to produce the results which they felt to be necessary and that accordingly the Security Council should be asked by the Assembly to take over.

14. The rapid developments in the debate on disarmament and its effect on the Atomic Energy Commission obviously require the most careful attention and I will keep you fully informed.

15. In view of the importance of this matter, I would appreciate copy of this message being passed to Prime Minister. Ends. Message ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 306

New York, December 2, 1946

IMMEDIATE. TOP SECRET. ASDEL No. 208. Following for Pearson from Wilgress and Reid, Begins: Disarmament.

1. Our teletype ASDEL No. 202 of November 30th contained the text of the United States proposal on disarmament submitted to the political Committee on November 30th. ATOM No. 184 of November 30th from General McNaughton sets forth his appreciation of the situation.

2. Before sending off his teletype, General McNaughton was good enough on the evening of November 30th, to go over the text of his teletype with us and we concurred in it.

3. It might be useful if we were to summarize the developments to date on which we have reported in previous teletypes, letters and telephone conversations with you:

(1) On October 29th, in the opening debate in the General Assembly, Mr. St. Laurent said: "Canada urges that the Security Council and the Military Staff Committee go ahead with all possible speed in the constructive work of negotiating the special agreements and of organizing the military and economic measures of enforcement. It appears to us that it would be in the interest of all members of the United Nations to see the Security Council equipped and ready in fact to enforce proper decisions for the maintenance

of world peace and also to see serious consideration given to the reduction of national armaments so that the productive capacity of the world thus conserved may be used for improving the living conditions of all peoples."

(2) Later, on October 29th, Molotov presented to the plenary meeting of the Assembly his proposal on disarmament. He accompanied his proposal with a vicious personal attack on Baruch. Looking back, it seems clear that the main purpose of this attack was to drive a wedge between Baruch (and the plan associated with his name) and the "common people" of the western countries, including the United States. As Molotov put it in his speech, "His (Baruch's) sentiments are alien to the people who sweat in daily toil".

(3) On October 30th, General McNaughton and Ignatieff took part in an informal meeting attended by members of the United Kingdom, United States, Australian and Canadian delegations to the Atomic Energy Commission in the offices of the United States delegation to the Atomic Commission, for the purpose of discussing what line might be taken by the United States, United Kingdom, Australia and Canada as a result of the Soviet initiative. Mr. Baruch himself was there for part of the discussion. The Canadian representatives brought to the meeting a hastily-prepared draft of an amendment which might be moved to the Soviet proposals. Our draft was accepted as a basis for discussion. A paragraph included in this draft, urging the early conclusion of the special military Agreements under Article 43, however, was dropped on the insistence of Australia.

(4) The text of the proposed draft amendment resulting from this meeting was sent to you in teletype ATOM No. 167 of October 31st† and it is to be assumed that the other representatives present sent the text to their Governments. We did not feel that this hastily-prepared draft of October 30th was adequate and we immediately began working on an expansion of it, the result of our labours was our Working Paper dated November 4th, the text of which was sent to you by teletype ASDEL No. 73 of November 5th. Mr. St. Laurent authorized Reid to give this draft of November 4th as a Working Paper, which had not been cleared with the Canadian delegation, to the United Kingdom, United States and Australia. Reid did so on the morning of November 5th, giving it to Cadogan, Joe Johnson of the State Department and Hasluck.

(5) That same day Harry of the Australian delegation gave Ignatieff the Australian draft of November 4th, which reads as follows, Begins:

Tentative proposal for amendment to the Soviet Resolution on disarmament and atomic energy (A/BUR/42) along the following lines:

(1) That paragraph 2 be deleted.

(2) That paragraph 3 be re-numbered as paragraph 2, and revised to read as follows:

"The General Assembly recommends to the Security Council to provide for the practical achievements of the objectives set forth in the above mentioned paragraph."

(3) Insert new paragraph 3 as follows:

“The General Assembly expresses agreement in principle with the proposal submitted to the Atomic Energy Commission by the Government of the United States and supported by the Governments of Australia, Brazil, Canada, China, Egypt, France, Netherlands, and United Kingdom.”

(4) After “Security Council” insert “and Atomic Energy Commission.” Ends.

We have since learned that this Australian draft had been cabled from Canberra to the Australian delegation and that it was the personal product of Dr. Evatt.

(6) This draft contained the suggestion that the Assembly should express agreement in principle with the Baruch proposals. The Australian delegations to the Assembly and the Atomic Energy Commission, realizing the impossibility of securing general agreement on the Baruch proposals at this stage, were gravely concerned and we gather that they immediately cabled Canberra our draft of November 4th.

(7) On November 6th Reid had an informal private conversation with Johnson of the State Department, who made certain entirely personal suggestions for improvement of the Canadian draft of November 4th. These suggestions we sent you in teletype ASDEL No. 90 of November 7th.

(8) In our informal conversations from November 4th on with the United Kingdom, United States and Australia, we took the line that it was in the general interest that a substitute Resolution on disarmament be brought before the Assembly by the United States and this for two reasons:

(a) The Molotov attack of October 29th had been directed in the main against the United States;

(b) A Resolution on disarmament in reply to a Soviet Resolution on disarmament would most appropriately come from the State which, with the Soviet Union, was the most heavily-armed State in the world.

Cadogan and Johnson entirely agreed.

(9) Shortly before November 21st, we were informally told by Harry of the Australian delegation that they had received instructions from Canberra to introduce a Resolution on disarmament and that their Resolution would contain material “cribbed” from our draft of November 4th. Reid told Harry that, while we had no “copyright” on the draft of November 4th, we felt very strongly, for the reasons given above in sub-paragraph (8), that the competing Resolution on disarmament should be introduced not by Canada or Australia but by the United States; that we had been given by the United States every reason to believe that they did intend to send in as soon as possible a good substitute Resolution on disarmament; and that, if Canada was prepared to forego the prestige of being the first to offer an amendment of the Soviet Resolution, Australia could surely also, in the general interest, forego that prestige, especially since their Resolution was our Resolution of November 4th with a few minor changes.

(10) We learned from you that you were in full agreement with our draft of November 4th as amended by Johnson's suggestions. We incorporated Johnson's suggestions in our draft, made a number of drafting improvements and prepared a draft of November 21st. This text we gave on November 21st to the United Kingdom and the United States. On November 22nd (as we reported in our ASDEL No. 159 of November 23rd) we received from the Australian delegation the text of the amendment which they intended to propose and which they were holding pending the conclusion of the debate on forces abroad. In view of the fact that the United Kingdom had informed us that they hoped to have a Commonwealth meeting on the morning of November 23rd to discuss the two issues of forces abroad and disarmament, we gave the text of our amendment of November 21st to the other Commonwealth delegations on November 22nd marked "confidential until released".

(11) The proposed Australian amendment which we received on November 22nd from them was substantially our draft of November 4th and fortunately did not, repeat not, embody the proposal for an acceptance in principle of the Baruch proposal which had been contained in the draft which the Australians had given us on November 4th. The text of the proposed Australian amendment which we received on November 22nd was sent to you under cover of my letter of November 22nd.†

(12) On November 22nd, the United States informed us that they were working out "pretty concrete and specific proposals on disarmament", the major plank in the proposals being the necessity of effective international inspection, and that they needed another week to work their proposals out, and intended to ask for a week's postponement of the disarmament discussions, i.e., a postponement until about November 29th.

(13) In view of the possibility that we might have to introduce our Resolution on disarmament, and that in any event it would be necessary for us to speak on the question, we prepared a speech on disarmament and sent you the text of this speech on November 21st, ASDEL No. 148.

(14) It was at this point that we received from you by telephone information that the Prime Minister and yourself approved of our draft Resolution of November 21st and our draft speech of November 21st, that you would like us to submit our Resolution immediately, but that the Prime Minister and yourself would be prepared to have us not submit our Resolution if the United States would take the initiative. The Prime Minister and yourself were not, repeat not, prepared to have the initiative taken by Australia and we were to send in our draft of November 21st if there was danger that otherwise the Australians would steal a march on us. We, therefore, informed the United States and the United Kingdom that our draft of November 21st, which had previously been tentative and provisional, had now been approved by the Canadian Government.

(15) On November 23rd, 24th and 25th, we exerted, through various channels, every effort we could to dissuade the Australians from presenting

their Resolution on disarmament. We repeated again the arguments set forth in sub-paragraph (8) above and informed Australia, the United States and the United Kingdom that, in our opinion, the chances of a successful outcome (from the point of view of the Western Powers) of the discussions in this Assembly on disarmament would be materially increased if the United States were to propose a Resolution so good that none of us would feel it necessary to move amendments to it. As a result of these interventions, the Australian delegation sent a cable to Canberra requesting permission to postpone sending in their amendment pending discussions with the United States.

(16) On November 26th, the Australian delegation informed us that they were under instructions from Dr. Evatt to present their amendment of the Soviet proposal. We, therefore, as reported in our ASDEL No. 167 of November 26th, got in touch immediately with Noel-Baker of the United Kingdom delegation and with the United States delegation to find out if they would be caused any embarrassment by our submitting our amendment. Noel-Baker replied almost immediately that he was enthusiastically in favour of our immediately presenting our amendment, but the United States delegation informed us that, while certain parts of our Resolution were along the lines of theirs, others were not. They intended to submit a Resolution on disarmament "of great importance". Their Resolution would not be ready until the end of the week, i.e., about Friday, November 29th, but they did not intend to present it to the Assembly until Monday, December 2nd, and they desired to consult us as soon as their draft was ready. They expressed the hope that we would put off sending in our Resolution until we had a chance to see theirs. They insisted that this expression of hope was not, repeat not, a request. We reported this to the Australian delegation, who said that their hands would be strengthened if they were given the same message by the United States. The United States then gave them that message and we agreed with the Australian delegation that we would both ask our Governments for permission to withhold our respective amendments until we had had a chance to consult with the United States.

(17) By this time, we had made some further drafting improvements in our draft of November 21st and had prepared a new draft dated November 25th.<sup>1</sup> This we gave to the United Kingdom and the United States, expressing the hope to the United States that their Resolution would be so good that it would not be necessary for us to move amendments to it.

(18) Neither we nor the United Kingdom were able to find out anything more from the United States on Tuesday and Wednesday, November 26th and 27th. The situation in the United States delegation was, however, apparent: no one in the United States delegation in New York knew anything about what was taking place other than that a United States Resolution on

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<sup>1</sup> Document 466.

disarmament was being prepared on a very high level. Our understanding is that this high level consisted of Byrnes, Baruch, the Chiefs of Staff and the President.

(19) On Thursday, November 28th, as reported in our ASDEL Nos. 194 and 195 of November 29th, the debate in the Political Committee of the Assembly on armed forces abroad unexpectedly terminated and the Committee decided to go on immediately to item 5 of the agenda, i.e., the discussion of the Soviet proposal on disarmament. The Australians requested that the Committee go on immediately to a resumed discussion of the veto but the Committee decided to put the veto discussions off until December 1st.

(20) The unexpected ending of the debate on armed forces abroad found the United Kingdom and United States delegations unprepared to participate immediately in the debate on disarmament. The United States delegation had still not received instructions from Washington. They, therefore, as soon as Molotov began introducing his Resolution on disarmament, informed us that we could now forget our conversation with them of November 25th. This was the conversation in which they had expressed the hope that we would put off sending in our Resolution until we had had a chance to see theirs.

(21) We, therefore, immediately sent a message to the Chairman of the Committee that we wished to participate in the discussion and we submitted to the Chairman our Resolution of November 25th. Parodi of France had asked the Chairman for the floor just before we had made our request so that we were put as third on the list of speakers immediately following Molotov and Parodi. Wilgress then delivered the speech on disarmament which we had sent you by teletype ASDEL No. 148 of November 21st. The only changes which he made in the speech were those which Mr. St. Laurent had made in it before leaving New York for Quebec City. Other changes were made necessary because the speech was being delivered by Wilgress and not Mr. St. Laurent, e.g., substituting for "as I said in the opening debate of the General Assembly", "as the Chief of the Canadian Delegation said, etc."

(22) After we had informed the Chairman of the Committee that we intended to speak and after we had submitted our Resolution, but just before Wilgress spoke, we informed the Australian delegation of what we had done and at the same moment the United States gave them the same message which they had previously given us that we were no longer to take into account our conversation with them of November 25th.

(23) As soon as Wilgress had given his speech, Hasluck of Australia tabled the Australian amendment with a few general observations. He informed Reid afterwards in the strictest confidence that the opportunity which he had been given to table the Australian amendment had saved him from an extremely embarrassing position since he had just received from

Evatt a blistering telegram in which he had been severely reprimanded for not having sent the Australian Resolution in before. (Hasluck is not only very able and responsible but a loyal civil servant. We should be grateful if the information in this sub-paragraph were given the most restricted circulation).

(24) In informal conversations which took place immediately after Thursday morning's meeting of the Political Committee, members of the United States and United Kingdom delegations expressed to us their relief that we had moved our amendment to the Soviet Resolution and had given a carefully prepared speech on it. The United Kingdom said that otherwise they might have had to draft hurriedly at the meeting amendments to the Soviet proposal and submit them immediately.

(25) On Friday, November 29th, we consulted with the United States delegation and were told that they still had not received instructions from Washington and that it looked to them as if the fight in the Political Committee would be between the Soviet proposal and the Canadian amendment. The United Kingdom delegation said that they were asking London to instruct them to support the Canadian amendment. Makin of Australia spoke in the debate on Friday morning and made no reference to the Canadian amendment. Without consulting Australia, we gave the Secretary of the Political Committee, at about noon on November 29th, a formal note, stating that we had accepted three proposals contained in the Australian delegation's amendment, and we made arrangements for the revised version of our Resolution to be issued immediately as a press release by the United Nations press office. The release was issued about 2:00 p.m. on Friday.<sup>1</sup>

(26) Since the United States and the United Kingdom delegations had been given by us our draft of November 4th and it was, therefore, possible for them to deduce for themselves that the so-called Australian amendment was merely our draft of November 4th with three minor elaborations, Reid drew the attention of Shawcross of the United Kingdom delegation and Johnson of the United States delegation to this fact, speaking in the strictest confidence.

(27) In view of the fact that our intervention in the debate on Thursday and our substitute Resolution had been given only three or four lines in the *New York Times* and *New York Herald Tribune* for Friday morning, November 29th, Reid invited Hamilton of the *New York Times* to have lunch with him on Friday. Wilgress and Ignatieff were also present at the lunch. Reid said to Hamilton that it looked as if the fight in the Committee would be between the Canadian and the Soviet proposals; that Hamilton would obviously want to check the authenticity of this analysis with the United States and United Kingdom delegations; but that, if the analysis were correct, the *New York Times* would no doubt wish to print in full, and preferably in parallel columns, the text of the revised Soviet proposal and the text of the

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<sup>1</sup> Document 469.

revised Canadian proposal. The *New York Times* of Saturday, November 30th, printed the complete text of the two proposals.

(28) In order to explain the revisions in our proposals and to reply to the Soviet misinterpretations of our proposals in a speech by Vyshinsky on November 29th, we informed the Secretary of the Committee before the conclusion of Friday's session of the Political Committee that we wished to speak as early as possible in the debate when it was resumed on Saturday morning. We were given the second position, immediately following France.

(29) Before we left the hotel for the meeting on Saturday morning, Reid telephoned Johnson of the State Department to ask whether the United States had yet received from Washington the text of an amendment which the United States might introduce. Johnson said that it was very embarrassing for him to discuss the question. He added that the United States was not in a position that morning to indicate support of the Canadian proposal and that there seemed "to be a feeling pretty high up that even the Canadian draft tended to turn attention away too much from the Atomic Energy Commission". We were at a loss to understand this remark since:

(a) Paragraphs 3 and 4 of our revised Resolution were devoted entirely to atomic energy;

(b) Two-fifths of our speech of November 28th was devoted to the control of atomic energy;

(c) The section on atomic energy in our speech of November 28th had ended with the following statement, "indeed nothing would create more confidence in international security measures than the fulfilment of these terms of reference by the Atomic Energy Commission. The Atomic Energy Commission has been given an important job to do. When the Commission has done this job, the public will feel that international cooperation can be effective and is worthwhile".

Over one-fourth of the draft speech for Saturday, November 30th, in which, at the time Reid spoke to Johnson, we were making last-minute revisions, was devoted to atomic energy, and included the following:

"First, we need a plan for the effective control of atomic energy, for if we succeed here we lay the foundations for that international confidence which will make possible further progress in disarmament. That is the core of the disarmament problem".

(30) As soon as we arrived at Lake Success, the United Kingdom delegation informed us with manifest pleasure that they had just received instructions from London to support the revised Canadian Resolution and that Shawcross would make this clear in his speech to the Committee that morning. We informed the United Kingdom that we were going to speak second in the debate. As you will have seen from the text of Shawcross' speech, as reproduced in full in the *New York Times* for December 1st, Shawcross assumed that the debate in the Committee was between the revised Canadian

amendment and the original Soviet proposal, and he compared them paragraph by paragraph.

(31) The Committee opened its meeting about 10:45 a.m. It would seem apparent that at the time of the opening of the debate the United States delegation had still not received instructions from Washington. However, while Wilgress was in the middle of his speech, we were informed by the United States that the United States was going to submit a Resolution on disarmament. This Resolution was circulated to the Committee at the very end of Saturday morning's debate and after speeches had been given by France, Canada, China, Poland and the United Kingdom.

4. We are still not clear about the full implications of the United States delegation's proposal on disarmament. The Political Committee will meet in the morning and afternoon of Monday, December 2nd, to discuss disarmament. Senator Connally will be making a statement and we hope that he will make clear the meaning of the second sentence of the second paragraph of the United States Resolution. We shall also have an opportunity at Lake Success of consulting with someone of the United States delegation with sufficient knowledge of the background of their proposal. Before this disarmament issue broke, we had invited the senior members of the United Kingdom delegation to dine with us on Tuesday, December 3rd. This dinner will give us an opportunity of talking over the whole problem with them.

5. We will send you a teletype on Monday evening, December 2nd. Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 312

New York, December 2, 1946

IMMEDIATE. CONFIDENTIAL. ASDEL No. 213. Following for Pearson from Reid, Begins: Canadian proposal on disarmament.

I have been working with Mr. St. Laurent today on some suggestions we might make in the Drafting Committee, which is to be established tomorrow, for amendments to our Resolution in order to incorporate useful suggestions from other Resolutions and to meet criticisms which have been made of our Resolution. The text of these suggestions follows, Begins:

(1) Delete from the beginning of paragraph 2 the following:

"The General Assembly recommends to the Security Council that as the first step towards a general regulation and reduction of armaments, the Security Council, without further delay," and substitute in its place:

"The General Assembly, regarding the problem of security as closely connected with that of disarmament and in order to enable the Security

Council 'to begin the exercise of its responsibilities under Article 42' of the Charter, recommends that the Security Council, without further delay,";

(2) Insert at the beginning of paragraph 3 the following sentence taken from paragraph 2 of the United States proposal (A/C.1/90):<sup>1</sup>

"The General Assembly recognizes that essential to the general regulation and reduction of armaments is the early establishment of international control of atomic energy and other modern technological discoveries to ensure their use only for peaceful purposes."

(3) Substitute for the second sentence of paragraph 5 the following:

"It further recommends that there be set up, under the Treaty or Convention, a Permanent International Commission clothed with all the powers required to implement such international safeguards and to detect and report on any breach or threatened breach of the Treaty or Convention and of subsequent supplementary agreements on the regulation and reduction of armaments. The Permanent International Commission shall be set up within the framework of the Security Council as a subordinate organ of that Council under Article 29 of the Charter, but shall derive its powers from the terms of the Treaty or Convention and of subsequent supplementary agreements." Ends.

2. The first suggestion incorporates a clause from the French amendment, "regarding the problem of security as closely connected with that of disarmament". This suggested amendment also would serve to remove certain United States objections since they do not consider that the making of military agreements is "the first step towards" disarmament.

3. The first sentence of the third suggestion meets the United States criticism that our attempt to be specific about the powers of the proposed Permanent International Commission of Control might have the opposite result to that which we intend and might limit the powers of the Commission. The second sentence of the third suggestion contains the seven words in the Soviet proposal to which they attach such importance, "within the framework of the Security Council", but does it in such a way as not to limit the powers of the Commission.

4. I gave a copy of these suggested revisions today in confidence to the United States, the United Kingdom and China.

5. In a supplementary telegram I shall be reporting on this morning's discussion on disarmament in the Political Committee. Ends. Message ends.

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<sup>1</sup> Voir le document 471.

<sup>1</sup> See Document 471.

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*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre<sup>1</sup>*

*Memorandum from Under-Secretary of State for External Affairs  
to Prime Minister<sup>1</sup>*

TOP SECRET

[Ottawa,] December 3, 1946

## RE: DISARMAMENT PROPOSALS

1. There are three main proposals on disarmament before Committee 1 of the General Assembly: a Soviet resolution, a Canadian amendment to this resolution and a United States resolution. The Australians have also tabled an amendment similar to the Canadian proposal. These three proposals differ essentially only in the way they approach the question of eliminating atomic weapons and the relation of this question to general disarmament.

2. The Soviet resolution in its present form proposes a general reduction of armaments and prohibits the production and use of atomic energy for military purposes. If carried it would be implemented by the Security Council with the assistance of the Members of the United Nations. It also provides for international control by means of two commissions with powers of inspection, one for control of disarmament generally and one for control of disarmament in relation to atomic weapons.

3. The Canadian amendment in its final form, which incorporates three proposals contained in the Australian amendment, recommends that the first step toward a general regulation and reduction of armaments should be the negotiations for this purpose making available to the Security Council armed forces as provided in Article 43 of the Charter. It recommends that the Security Council submit plans, with the aid of the Military Staff Committee and in co-ordination with the findings of the Atomic Energy Commission, for the regulation of armaments as provided for in Article 26 of the Charter. An international treaty or convention would provide for international control embodying inspection and safeguards against violation. According to this proposal a permanent International Commission of Control would be established which would appoint permanent inspectors and special Commissions of Enquiry.

4. In the Canadian proposal, atomic weapons would be eliminated through the expeditious fulfilment by the Atomic Energy Commission of its terms of reference. A single international instrument or treaty would accomplish this purpose and provide the necessary safeguards against violation of atomic control.

5. The United States resolution recommends that the Security Council implement a general regulation and reduction of armaments but, in the pro-

<sup>1</sup>Ce mémorandum n'a pas été envoyé au Premier ministre.

<sup>1</sup>This memorandum was not sent to the Prime Minister.

visions for inspection and control, treats general disarmament in exactly the same way as disarmament in relation to atomic weapons. It also recommends that the Security Council give first consideration in the matter of general disarmament to the report to be made by the Atomic Energy Commission before December 31, 1946.

6. If proposals for the control of atomic energy for military purposes are incorporated completely in the general plans for the reduction and regulation of armaments, as the United States proposal would appear to do, the Atomic Energy Commission might thus be circumvented. The Soviet proposal for a special commission on disarmament in relation to atomic weapons might have the same result. Both the Soviet and the United States proposals would also make the inspection and control procedure subject to the veto of permanent members of the Security Council. In his teletype No. 300, ATOM No. 184 of November 30 which is attached, General McNaughton has indicated his apprehension over this trend in the disarmament discussions. Also attached are the documents mentioned in General McNaughton's teletype.

L. B. PEARSON

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 317

New York, December 4, 1946

TOP SECRET. ASDEL No. 216. Following for Pearson from Reid (written December 3rd), Begins: Disarmament.

1. It had been agreed yesterday by the Political Committee that it would discuss disarmament this morning and Spain this afternoon. However, this morning's meeting was devoted to Spain. At the end of the meeting, Manuilsky announced that since the list of speakers was still not exhausted, the afternoon session would also be devoted to Spain.

2. As you have been informed in ATOM No. 185 of December 3rd,† we learned yesterday that the United States was going to propose in the Atomic Energy Commission, when it meets tomorrow or Thursday, that the report to be made to the Security Council by the end of the year should include an endorsement, in principle, of the main proposals contained in the Baruch plan. Hamilton of the *New York Times* had got hold of this story by late yesterday afternoon and we feel fairly certain that the Russians also know about it; they may be deliberately stalling the discussion of disarmament in the Political Committee of the Assembly until the United States position in the Atomic Energy Commission is made clear. They would then be able to say that the Soviet Union is prepared, in a spirit of give and take, to go a long way to meet the views of the United States delegation as expressed in

their Resolution on disarmament (they might even accept it almost in full), but that the United States has now shown its hand in the Atomic Energy Commission and it was clear that the United States would do nothing about disarmament until all the other nations of the world had accepted the whole Baruch proposals.

3. During this morning's discussion in the Political Committee, Ignatieff spoke in this sense to the United Kingdom delegation. It was probably, in part, as a result of this that Shawcross, when the Chairman announced that this afternoon's meeting was to be devoted to Spain, protested that this was contrary to yesterday's decision of the Committee, that no explanation had been given by the Chairman why this morning's meeting had not been devoted to disarmament, and demanded to know who was responsible for these stalling tactics. Manuilsky was forced to admit that the Soviet Union had asked for a postponement of the disarmament discussions, and he and Gromyko explained that the Soviet Union wanted time to study the very important United States proposals on disarmament.

4. The disarmament discussions will be resumed on the morning of the 4th. The debate on Spain will require another session and the veto another session. We assume that disarmament will be referred to Sub-Committee at tomorrow's session, but the Russians may secure another session in the full Committee.

5. After this morning's meeting, I told Raynor, who is the State Department Liaison Officer with us, of my fear that the Soviet Union might announce tomorrow that it had accepted the United States proposals, that the United States proposals were dangerously ambiguous—especially the second sentence of paragraph 2 and the second sentence of paragraph 3, that Connally's speech of yesterday had made it clear that the United States interpretation of their own proposals was almost entirely satisfactory, but that experience in previous Conferences had surely taught us that the important thing was not the intent of the movers of a Resolution but the meaning which the language could be given by the Soviet Union after the Resolution had been adopted.

6. Raynor immediately asked Senator Connally to join our discussion and I asked Ignatieff to come over. Harry of the Australian delegation, who with Ignatieff was talking to Shawcross, also joined us and we were surrounded by some half dozen United States advisers.

7. I passed the ball to Ignatieff, who explained that we were gravely concerned over the effect of the United States putting before the Atomic Energy Commission a document proposing the Commission's approval now of the main principles of the Baruch plan in the findings of the Commission's report to the Security Council before the examination of the plan in the Commission had been completed.

8. I repeated to the Senator the remarks which I had made to Raynor. He showed a complete ignorance of the work of the Atomic Energy Commis-

sion and considered it entirely reasonable that a show-down should be had with the Russians immediately on the complete acceptance of the Baruch proposals.

9. I gave the usual arguments that, if we were to have a show-down with the Russians, we should choose our own ground and choose it in such a way as to make it clear to our own people that we had made every effort to meet the Russians and that the proposals which we had asked them to accept on atomic energy went no further than was absolutely necessary to ensure effective safeguards against violations and evasions. I said that I feared that, if the break-down were to come on the original Baruch plan, we would find it difficult to carry all our people with us.

10. The Senator was certain that all the people of the United States would be behind the United States Government if it insisted upon the Soviet Union accepting the whole Baruch plan.

11. Harry of the Australian delegation intervened to state that the Australian delegation would be unable to support in the Atomic Energy Commission a proposal to endorse now the principles of the Baruch plan.

12. Connally seemed to be a little shaken about my remarks on the danger of the Soviet Union accepting the present United States disarmament Resolution. He asked what I thought was the alternative. Was it to accept the Soviet Resolution on disarmament. I replied that naturally our idea of the alternative was set forth in our Canadian Resolution, and added that his speech of yesterday to the Political Committee was an able defence of the Canadian Resolution. His reply was that he had not even mentioned the Canadian Resolution in his speech.

13. He then said "what do you think we ought to do"? I suggested that perhaps he would be good enough to look at the United States Resolution again and compare it with his speech of yesterday and to see whether the United States might not think it wise to incorporate into their Resolution the interpretations which he had put on it in his speech yesterday. I added that I thought perhaps he might find that some of the language in the Canadian Resolution could, for this purpose, be usefully incorporated in the United States Resolution.

14. Connally ended the discussion by saying to his advisers that they would have to talk the matter over with the Secretary of State.

15. We were encouraged during the whole of the discussion, which must have lasted for 15 minutes, with the manifest pleasure which the United States advisers showed whenever we made a point in our argument. I doubt whether we have been able to get many of the points over to Connally but we hope that we may have strengthened the hands of his advisers.

16. I should have reported to you previously the conversation which Wilgress and I had with Joe Johnson of the State Department on Sunday afternoon, December 1st, after the meeting of the Political Committee. We told him then very frankly and fully our worries about the construction which

could be placed on the United States Resolution on disarmament. He himself was obviously also very worried and asked Wilgress to try to get in touch with Senator Austin or, failing that, for me to get in touch with Ross of the State Department. We were unable to get in touch with either but I learned from Johnson later that evening that he had given a full report of his conversation with us to Senator Austin.

17. Senator Connally, in his speech on disarmament to the Political Committee on Monday morning, December 2nd, spoke without a prepared text. He had before him eight points jotted down just before the meeting by Joe Johnson and Lindsay. In framing the eight points which Connally was to make, Johnson obviously tried to ensure that he meet the criticisms that we had made the day before. They were all of them met by Connally's speech except that he did not say that the Atomic Energy Commission was not to be stampeded.

18. When the disarmament discussions in the Political Committee resume Mr. St. Laurent may comment on Parodi's statement yesterday that left the impression that it would not matter if a permanent member of the Council had the right to veto the sending of a Committee of enquiry to detect whether a breach of the Disarmament Treaty was taking place. Mr. St. Laurent, in his intervention, may also say that the advisers of the Canadian delegation had prepared for his use in Sub-Committee a composite draft Resolution drawn up in an effort to embody in one resolution all the good ideas from all the resolutions; that he was delighted to note how large an area of agreement there was between the Great Powers on the question of disarmament; that so far as the Great Powers were concerned this meeting of minds might be sufficient even though it was not expressed clearly in the Resolution, but that for the other forty-nine members of the United Nations it was essential that the Resolution as passed by the Assembly express in precise terms the agreement which had been reached. He might be able to work in some reference to the fact that a considerable number of the statements in Senator Connally's speech were expressed with greater precision in the Canadian Resolution than in the United States Resolution. Ends.

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*Discours du président, la délégation à l'Assemblée générale  
des Nations Unies*

*Speech by Chairman, Delegation to the General Assembly  
of the United Nations*

SPEECH DELIVERED IN COMMITTEE ONE ON DECEMBER 4, 1946,  
BY RT. HON. L. S. ST. LAURENT DURING DEBATE  
ON PROPOSALS FOR GENERAL DISARMAMENT

Mr. Chairman, Fellow Delegates, I am convinced the people of the whole world will be deeply grateful to the distinguished Foreign Minister of the

Soviet Union for the great hope which his speech this morning holds out to us all, and especially those countries which like mine have no armaments which can constitute a menace or a threat to the peace and security of the world.

I am convinced that this speech of the distinguished Foreign Minister of the Soviet Union holds out the hope to the world that we are attempting to go even further than had been definitely provided for in the San Francisco Charter. We had in paragraph 4 of Article 2 of the San Francisco Charter a provision that all members undertake to refrain in their international relations from the threat or use of force against the territorial integrity or political independence of another state, or in any other manner inconsistent with the purposes of the United Nations. We also have Article 26 which has been read and which provides that at some future time there would be, or we might hope that there would be, accepted by all the members of the United Nations an undertaking to reduce and to regulate their existing armaments.

Now the distinguished representative of the Soviet delegation has held out what appears to be a serious hope that we can, at this time, take a great step forward in implementing this general expression of the hope of the members of the United Nations that not only would there be an undertaking that armed forces would not be used against the integrity or freedom of any other member but also that the great powers who have such tremendous armaments wish to reduce those armaments and to put themselves in the position where there will not be in existence that which could constitute a serious menace or threat to the peace and security of the world.

When this second part of the first session of the Assembly convened in New York, we were all at great pains in the opening debate to dispel to the utmost possible the general feeling of disappointment at the achievements of the United Nations Organization. At this time, it appears to me that we are holding out to the world the prospect that not only will the high purposes provided for in the Charter be respected and lived up to, but that we will make more rapid progress than had been anticipated at San Francisco in bringing about a general reduction and regulation of those instruments of destruction which have proved so disastrous to the whole world.

As I listened with great interest and emotion to the speech this morning of Mr. Molotov, it appeared to me that we were in substantial agreement as to what is desirable for the welfare of mankind to accomplish at this time. I understood him to state that his Government recognized and asserted the desirability of an early and general reduction of armaments. I think with that purpose we are all in full agreement.

I understood the honourable delegate to say then that his Government desired the early implementation of the terms of reference assigned to the Atomic Energy Commission which, as he so well pointed out, not only deals with atomic weapons but with all weapons of mass destruction, and that it is the desire of his Government that there be an early solution of that problem which has been so troubling us all. With that also I am sure everyone is in

substantial agreement. That, of course, is something which cannot be accomplished rapidly because, as Sir Hartley Shawcross has pointed out, in dealing with atomic energy we not only have to provide that it shall not be used for purposes of destruction, but we have also to provide that it may be available for peaceful purposes and for the improvement of the living conditions of humanity.

That makes it a problem which presents special difficulties and which cannot be solved merely by a prohibition of the development of atomic energy.

I think we will all agree that the reference to the Atomic Energy Commission provided that there would be as an outcome a draft convention to be submitted to the members of the United Nations for their acceptance and for ratification by their respective parliaments. But the very constructive suggestion from the Soviet delegation is that, while that is being proceeded with, preparation be made so that at the same time as the purposes of the Atomic Energy Commission can be adopted and ratified in an international convention, there may also be an international convention for the regulation and reduction of other armaments.

I am not at all repulsed nor frightened by the existence of the veto in the Security Council in that respect, because, if it is necessary that there be an international agreement it will be necessary for each state which will become a party to that agreement to give its assent thereto; the existence of this rule, which requires that the formulation of the plan be submitted to the nations shall have the unanimous support of the five great powers, presents no difficulty or obstacle whatsoever in the view of the Canadian delegation.

Now the speech of the Soviet Foreign Minister this morning, as I understood it envisages the necessity of the creation and the functioning of an international commission of control and inspection, and as the representative of one of the small countries I regard that as very important. We want to feel that we are secure. We want to feel that the United Nations is responsible to us for that feeling of security, and the only way in which we can feel that there is international responsibility is by a system whereby there will be some international body that will tell us that everything is all right and that every undertaking is being respected.

Now I think the Charter requires that this body operate within the framework of the Security Council, but as I understood the honourable delegate of the Soviet Union he envisages that this international commission will be clothed with powers which they will exercise autonomously and which will enable them to take the proper measures to make us feel that the international obligations are being respected everywhere. It is I think, within the general underlying concept of the Charter that these subsidiary organs will operate within the framework of the Security Council as being the organ of the United Nations which has the primary responsibility for the maintenance of international peace and security; and that any sanctions that might have to be adopted against any state which violated or which adopted a position that constituted a threat of violation should be subject to sanctions adopted by

and applied through the Security Council. There again, the existence of the requirement of unanimity appears to me to be in strict accord with the realities of the situation. The Security Council is designed to have at its disposal armed forces, but armed forces contributed by the individual members. Now no one of the large powers can be expected to agree to something where forces contributed by his nation could be used against the other forces of his nation. That is not realistic and we must, I think, admit that if there came about a situation where it was felt that sanctions would have to be applied against one of the great powers, it would be a condition of absolute war whether the opposition of the one power took the form of resistance or took the form of a veto. The only way in which it could be overcome would be by the use of force and the use of force against a great power means war.

I think that the smaller powers, those of the category of Canada, and the like, will realize that in the suggestions we have heard this morning there is as concrete an effort towards a constructive solution as the realities of the day make possible. When we have it asserted, as it was this morning, that this international control commission will be clothed with powers that it can exercise and that it can report to the Security Council, and thereby to the world at large, that there is or is being prepared a threat to peace, then, if the members of the United Nations have undertaken to submit to such control and inspection any great power must realize that any obstacle it puts in the way of inspection and control would be tantamount to a declaration of war on the rest of the world.

I think that all of us and all those we represent have now such a horror of unnecessary war that there is not apt to be any interference with the working of the system which will be designed to give a feeling of security to all those concerned.

The Canadian delegation is grateful to the representative of the United Kingdom for his kind references to the draft resolution put forward by Canada; but Canada has no feeling of ownership or feeling of national pride about it. Canada is only too willing to take as a working basis in the sub-committee to be set up the proposal put forth by the Soviet delegation, as modified by the others that have come forward. We wish to recognize that, though we suggested in the opening debate in the General Assembly that the Security Council be as expeditious as possible in concluding the agreements provided for by Article 43 of the Charter, we did not at that time entertain the hope that has been given to us by the attitude of the Soviet Union that there could be so quickly set in motion the machinery required to bring about this reduction and regulation of all armaments which would increase and consolidate the feeling of security and trust in each other which is required for the reconstruction of the ravages of the years we have just gone through.

We have had prepared for our own use a collation of the various suggestions that have been put forward, and when this matter is before the Sub-Committee it may be that the collation can be of assistance to the Sub-Com-

mittee in their efforts to bring back to this Committee for recommendation to the General Assembly a unanimous resolution which will go far towards restoring the confidence of the world at large in the sincerity of all the members of the United Nations in the lofty statements of the purposes and principles for which we came together and for which the United Nations has been established.

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W.L.M.K./Vol. 413

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 325

New York, December 5, 1946

SECRET. ASDEL No. 219. Following for Pearson from Reid (written December 4th), Begins: Disarmament.

1. The morning's meeting of Committee 1 on Wednesday, December 4th was devoted to disarmament.

2. Molotov opened with a statement in which he accepted the draft of the United States delegation on disarmament as a basis for further discussion. He said, however, that the United States draft "cannot satisfy us" since "it is insufficiently clear and rather one-sided." He therefore moved two amendments<sup>1</sup> to it, the text of which is given in a following teletype. †

3. You will observe that in his first amendment to the United States draft Molotov took as his first sentence an extract from the Australian draft amendment, which was taken from our draft of November 4th. He then tacked on to the United States draft for paragraph 2 the proposal that, in addition to considering the report from the Atomic Energy Commission before December 31st and facilitating the work of the Commission, the Security Council should also "expedite consideration of a draft Convention for the prohibition of atomic weapons" (he was probably referring to the Soviet Convention outlawing atomic weapons which was the Soviet reply to the Baruch proposals). To paragraph 3 of the United States resolution which calls upon the Security Council in conveniently vague terms to give consideration to the working out of proposals to provide practical and effective safeguards in connection with control of atomic energy and the regulation of other armaments, Molotov tacked on his proposal for two Commissions of Inspection to be set up "within the framework of the Security Council".

4. These amendments were supported with a speech in most conciliatory terms. Touching on the subject of the veto, Molotov said that the decisions on the reduction of armaments have to be taken by the Security Council, and that

<sup>1</sup> La note suivante était écrite sur cette copie de la seconde partie de la première session de l'Assemblée générale, première commission, Annexe 9K, pp. 345-46.

<sup>1</sup> See United Nations, *Official Records of the Second Part of the First Session of the General Assembly, First Committee, Annex 9K, pp. 345-46.*

only unanimity between the Big Powers could guarantee such decisions being made. As regards the Commissions of Inspection, he said these would have to be set up as a result of agreement in the Security Council, but that once they were set up they would operate free of veto within the Commissions.

5. After Hasluck, on behalf of Australia, had stressed that all the proposals made before Committee 1 should be referred for further consideration by a Sub-Committee, Shawcross followed with a statement in which he also said that all proposals should be examined by the Sub-Committee to be appointed for the purpose of trying to get an agreed composite draft. He welcomed Molotov's statement as indicating that he had apparently made some concessions in his originally rigid point of view and hoped that this would indicate that the Soviet Government would be willing to accept an agreed draft acceptable to the other members of the Assembly. Shawcross also said that he was glad to note that the Soviet representative accepted the United States draft as a basis of discussion, but reminded the Committee that the United States draft proposal was, as Molotov had himself said, in some points rather vague, and should be interpreted in the light of Senator Connally's speech (reported in teletype ATOM No. 185 of December 3rd).† He concluded by the statement of four principles which the United Kingdom wished to see embodied in any proposals of the Assembly:

(a) The atomic side of disarmament must be dealt with in the Atomic Energy Commission;

(b) No partial system of disarmament should be adopted. Under this principle Shawcross particularly said that if a plan for the abolition of the use of atomic weapons were worked out, its coming into force should be accompanied simultaneously with an agreement to abolish certain other weapons of mass destruction, particularly rockets. The United Kingdom has specially emphasized the point that the doing away with atomic weapons should be accompanied with the abolition of rockets as they apparently regard themselves exposed to the possible use of this weapon by the U.S.S.R.;

(c) Any system of disarmament should provide for an effective system of control and inspection;

(d) Any control and inspection agency and an extension of its powers to cover other weapons which may be invented should not be subject to the veto.

6. Connally, on behalf of the United States, welcomed the acceptance of the United States draft as a basis of discussion and said that his understanding of Molotov's speech implied that the Control Commissions proposed by Molotov would not be subject to the veto in their operation. He said that the Soviet amendments to the United States proposal would be given close examination.

7. In order to clear up the misunderstanding which has developed as a result of the vague wording of paragraph 3 of the United States proposal, to which your attention was drawn in message ATOM No. 184 of 30th November,<sup>1</sup> paragraph 13, Connally said that that paragraph referred to the for-

<sup>1</sup> Document 472.

mulation of plans. Such plans on disarmament or on atomic energy would then be submitted to the Governments of the members of the United Nations for ratification according to their constitutional processes. It did not refer to any executive powers at the Security Council. Finally, Connally said the United States Government wanted a resolution which would be acceptable to all members of the United Nations and suggested that all proposals made before Committee 1 should be studied by the Sub-Committee.

8. Mr. St. Laurent then made some remarks, extempore, in which he expressed appreciation that Molotov in his statement of that day had given hopes to the United Nations that some progress would be made in the matter of disarmament. He pointed out that the Assembly was now trying to go beyond a statement of general objectives contained in the principles and purposes of the Charter and that if all the Great Powers had the will to do so we might expect some action toward an early reduction of armaments. Action on disarmament would involve not only proposals on atomic energy which is the special responsibility of the Atomic Energy Commission but concurrently a disarmament Convention should be worked out covering other weapons. Any control agency should have powers which would give all nations a sense of security by making each nation feel that the United Nations as a whole had undertaken responsibilities to each individually. The powers of such control bodies should give them autonomy. Any serious breach of a disarmament Convention, however, would hardly raise the question of veto in the Security Council if one of the permanent members were involved. It would be rather a question of a breakdown of the United Nations system or war. In conclusion, Mr. St. Laurent referred to a composite draft resolution which had been prepared by the Canadian delegation as a working paper to assist discussion of the various proposals to amend the Soviet resolution in the Sub-Committee which was to be set up.

9. After Molotov had repeated that he accepted the United States proposal as amended by the Soviet delegation as a basis for discussion, Connally and Shawcross both said that the Sub-Committee should examine all proposals.

10. Molotov agreed and no vote on this point was taken.

11. Byelo-Russia then proposed that instead of the slate of thirteen members for the composition of the Sub-Committee proposed by the Philippines as follows: United States, the Union of Soviet Socialist Republics, the United Kingdom, China, France, Norway, Argentina, Australia, Mexico, Canada, Poland, Ukraine and Iran, the slate should be the following: United States, Union of Soviet Socialist Republics, China, France, Norway, Holland, Poland, Canada, India, Czechoslovakia, Mexico, Egypt, Brazil and Australia.

12. The United Kingdom and Australia proposed the addition of the three members newly elected to the Security Council, Belgium, Syria and Colombia. These countries were also added and also Argentina at its own insistence. The slate was adopted unanimously.

13. Committee 1 then continued its debate on Spain and appointed a Sub-Committee in an effort to work out a resolution on which general agreement could be reached. The Sub-Committee set up to consider the various proposals on disarmament will meet tomorrow morning, Thursday, December 5th.

14. It would be unfortunate if the public were to possess too high hopes as a result of the Soviet move today on disarmament. The three main issues still open may be difficult to resolve:

(1) The first Soviet amendment concludes with the words "Convention for the prohibition of atomic weapons." The Convention should clearly be one for the "international control of atomic energy and thereby the elimination of atomic weapons from national armaments."

(2) The Soviet propose a "resolution of the Security Council" on general disarmament and not a Treaty or Convention.

(3) The United Kingdom insist, and quite properly, that the atom bomb should not be abolished until there is effective prohibition of the manufacture and use of rockets. Ends.

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*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

SECRET

[Ottawa,] December 5, 1946

I attach copies of four telegrams from General McNaughton, ATOM No. 184 of November 30th,<sup>1</sup> ATOM No. 185 of December 3rd,† ATOM No. 186 of December 5th<sup>2</sup> and ATOM No. 187 of December 5th.† These telegrams refer to the relation between the discussions on disarmament which are now proceeding in the General Assembly and the work of the Atomic Energy Commission. You will notice that General McNaughton is concerned lest the present United States resolution on disarmament may complicate or even circumvent the work of the Atomic Energy Commission.

In regard to disarmament, the present position is that M. Molotov has accepted a United States resolution as a basis for discussion in a sub-committee of twenty States, of which Canada is one. The view of the Canadian delegation is that the wording of the United States resolution is not sufficiently precise, particularly at one point where it might imply that the Security Council should take over the responsibilities of the Atomic Energy Commission. Senator Connally has asserted that no such implication was intended, but the delegation continues to have misgivings.

<sup>1</sup> Document 472.

<sup>2</sup> Document 304.

The Canadian delegation to the Assembly will endeavour to have its own alternative wording considered in the Sub-Committee. Mr. St. Laurent has meanwhile welcomed the agreement between the U.S.S.R. and the United States on the general terms of the disarmament resolution which will now be worked out in detail.

It should be added that there seems little likelihood that the present discussions at the General Assembly will result in any immediate practical measure of disarmament, no matter what the terms of the resolution which is eventually carried.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 355

New York, December 7, 1946

SECRET. ASDEL No. 240. Following for Pearson from Reid, (written December 5th), Begins: Disarmament.

1. The Sub-Committee on Disarmament held its first meeting Thursday morning, December 5th. Spaak, fortunately, agreed to serve as Chairman.

2. The three main issues listed in paragraph 4 of my ASDEL No. (blank) [*sic*] raised their heads. It looks as if the Soviet will agree to a reference in the Resolution to a Treaty or Convention on general disarmament, and at the next meeting of the Sub-Committee their attitude on the other two difficult issues should be made clear.

3. The Committee has taken as its basis of discussion the United States Resolution. It adopted paragraph 1 with some amendments, the chief of which was the deletion of "pursuant to international Treaties and Agreements" and the addition at the end of a sentence reading somewhat as follows: "The plans formulated by Security Council shall be submitted to the members of the United Nations for ratification according to Article 26 of the Charter." In the discussion of this paragraph, Mr. St. Laurent made a convincing intervention, pointing out that there were four stages in general disarmament: the work which the Assembly was now engaged in of adopting a statement of general principles governing disarmament; the working out of plans by the Security Council; the approval at a general Disarmament Conference of a Treaty or Convention on disarmament; the ratification of that Treaty by the members of the Security Council and by the necessary numbers of the other members of the United Nations.

4. The Sub-Committee began discussion of paragraph 2 of the United States proposals and the United Kingdom moved amendments to it which covered substantially the amendments which we had in mind.

5. The discussion on paragraph 2 will be resumed on the morning of December 6th.

6. We have this afternoon submitted substitutes for paragraphs 3 and 4 of the United States Resolution and a proposed additional paragraph to be inserted between paragraphs 3 and 4. These reproduce textually paragraphs 5, 7 and 4 of our "composite draft".

7. Mr. St. Laurent and the other members of the delegation attached to the First Committee had lunch today with Senators Connally and Austin, and Ross of the State Department who is Austin's principal adviser. We went over with them a number of obscurities in their Resolution, and I hope that, as a result, the United States at the meetings of the Sub-Committee will be happy to accept amendments to the text to their Resolution along the lines of the ones we have suggested.

8. Paragraph 1 of the American Resolution adopted today is still pretty unsatisfactory but the Americans at lunch agreed that, when we had gone through the rest of the Resolution, we should return to the first paragraph and try to get it cleaned up.

9. Late in the afternoon of December 5th, I gave Ross a draft of a proposed amendment to paragraph 1 which reads as follows:

"With a view to strengthening international peace and security in conformity with the purposes and principles of the United Nations, the General Assembly recognizes the necessity of an early general regulation and reduction of armaments. Accordingly, the General Assembly under Article 11 of the Charter calls to the attention of the members of the United Nations and of the Security Council this Resolution on the principles which shall govern disarmament and the regulation of armaments.

"The General Assembly recommends to the Security Council that, with the assistance of the Military Staff Committee, it give prompt consideration, under Article 26 of the Charter, to formulating the practical measures, according to their priority, which are essential to provide for the general regulation and reduction of armaments and to assure that such regulation and reduction will be generally observed by all participants and not unilaterally by only some of the participants. These plans shall be co-ordinated with the recommendations which are made from time to time by the Atomic Energy Commission.

"The plans formulated by the Security Council shall be submitted at the earliest practicable date to a special session of the General Assembly. The Treaty or Convention approved by the General Assembly shall be submitted to the members of the United Nations for ratification, and shall come into force upon the deposit of ratifications by the permanent members of the Security Council and by a majority of the other members of the United Nations." Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 364

New York, December 9, 1946

IMMEDIATE. SECRET. ASDEL No. 247. Following for Pearson from Reid, Begins: Reference my teletype ASDEL No. 235 of December 6th.† Disarmament.

1. The Sub-Committee on Disarmament held its third meeting Saturday afternoon, December 7th, from 3:00 p.m. to 6:30 p.m. The results of the meeting were inconclusive and disappointing. The Soviet were prepared to accept paragraph 3 of the United States proposal provided that their second amendment were added to it. The United Kingdom put forward their very confused amendment to paragraph 3 of the United States proposal, and we put forward ours as expressing simply and briefly the points on which all the members of the Sub-Committee were in agreement.

2. The Soviet, however, continued to insist that their text be taken as the basis of discussion. I think that they were simply playing for time until they received further instructions from Moscow. It may be that, when the fourth meeting of the Sub-Committee is held on Monday, December 9th, they will agree to accept substantially the text of our amendment, and we are hopeful that the United States and the United Kingdom will also agree to accept the substance of our text. If, at the beginning of the fourth meeting, it is impossible to reach agreement quickly on a new text of paragraph 3, the matter will be referred to a drafting Sub-Committee on this paragraph, composed of the Five Great Powers, Canada, Czechoslovakia (rapporteur of the Sub-Committee) and Belgium (Chairman of the Sub-Committee).

3. We have been telling the United States during the last two or three days that we felt that there were obscurities and possible pitfalls in the first paragraph as adopted on first reading by the Sub-Committee. The United States is now, I think, convinced of this and may move on second reading the amendments we would like to see incorporated in it.

4. One of our worries is that the first paragraph as adopted concludes with the following sentence:

“The plans formulated by the Security Council shall be submitted to the States members for ratification in accordance with Article 26 of the Charter”.

This might give an opening to the Soviet Union to put forward in the Security Council vague and undefined “plans” similar in general approach to the draft Convention they proposed on atomic weapons. Then, when the other Powers say that this is not sufficient, the U.S.S.R. would be in a good position to pillory the other Powers as putting obstacles in the way of early disarmament.

5. My immediately succeeding teletype† gives the text of the first paragraph as adopted by the Sub-Committee on first reading on December 5th. Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 381

New York, December 10, 1946

ASDEL No. 256. Sub-Committee on Disarmament.

Late in the evening of December 9th we circulated to the members of the drafting Sub-Committee the following letter, proposing amendments to paragraph 1 as adopted on first reading:

1. The first paragraph of the Resolution now before the Sub-Committee was adopted on first reading with the understanding that the Sub-Committee would return to it after going through the other paragraphs.

2. The Canadian delegation suggests that it would be desirable if the second and third sentences of this paragraph were clarified in the light of the discussions in the Sub-Committee. Otherwise the intent of these sentences may not be entirely clear to the general public.

3. The Canadian delegation therefore proposes that the second sentence of paragraph 1 be amended by adding after the word 'accordingly', the words "The General Assembly, under Article 11 of the Charter, calls to the attention of the members of the United Nations and of the Security Council this Resolution on the principles which shall govern disarmament and the regulation of armaments."

The rest of the sentence would remain unchanged. It would begin:

"The General Assembly recommends that the Security Council give prompt consideration to formulating the practical measures, et cetera."

This would draw attention to the constitutional basis of the adoption by the General Assembly of the proposed Disarmament Resolution. The adoption of this Resolution by the General Assembly would constitute the first stage in the process of disarmament. The formulation of plans by the Security Council would constitute the second stage in the process of disarmament.

4. The Canadian delegation also proposes that the last sentence of the paragraph be amended to read as follows (new words underlined):

"The plans formulated by the Security Council shall be submitted by the Secretary-General to the members of the United Nations for consideration at a special session of the General Assembly. The Treaties or Conventions

approved by the General Assembly shall be submitted to the signatory States (members) for ratification in accordance with Article 26 of the Charter."

The adoption of this language would make clear the nature of the third and fourth stages in the disarmament process. The third stage is the consideration by all members of the United Nations of the plans formulated by the Security Council. The fourth stage is the ratification and coming into force of the Treaties or Conventions approved of by the General Assembly. The language used leaves it to the Security Council to decide whether to embody its plans for disarmament in draft Treaties or Conventions or in less formal proposals. The Security Council would be playing the role of a Preparatory Commission on Disarmament. The special session of the General Assembly would be the equivalent of a general Disarmament Conference.

5. The first paragraph as thus amended would read as follows:

"With a view to strengthening international peace and security in conformity with the purposes and principles of the United Nations, the General Assembly recognizes the necessity of an early general regulation and reduction of armaments. Accordingly the General Assembly, under Article 11 of the Charter, calls to the attention of the members of the United Nations and of the Security Council this Resolution on the principles which shall govern disarmament and the regulation of armaments. The General Assembly recommends that the Security Council give prompt consideration to formulating the practical measures, according to their priority, which are essential to provide for the general regulation and reduction of armaments and to assure that such regulation and reduction will be generally observed by all participants and not unilaterally by only some of the participants. The plans formulated by the Security Council shall be submitted by the Secretary-General to the members of the United Nations for consideration at a special session of the General Assembly. The Treaties or Conventions approved by the General Assembly shall be submitted to the signatory States for ratification in accordance with Article 26 of the Charter."

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 382

New York, December 10, 1946

IMMEDIATE. SECRET. ASDEL No. 257. Following from Reid, Begins: Disarmament.

1. The Sub-Committee on Disarmament held its fourth meeting on Monday, December 9th, from 10:30 a.m. to 2:30 p.m. Most of the time was spent on the texts which appear on pages 8 and 9 of our composite draft. The Egyptians asked for the insertion in the second sentence of the French amendment

of the words "and the urgent withdrawal of forces stationed in the territories of member States without their free consent". The United States asked for the addition after "free consent" of the words "in accordance with Treaties or Agreements or otherwise in accordance with the principles of the Charter".

2. Wilgress tried without avail to have our text accepted in place of the first sentence of the French text, but we did not press the matter.

3. At the request of Brazil it was decided to put paragraph 4 to the vote in three parts:

- (1) The first sentence of the French text;
- (2) The second sentence of the French text;
- (3) The Egyptian proposal.

The first sentence was carried by 11 to 7; we voted for it. The second was at first defeated by 8 to 8: we voted against it on the grounds of its irrelevancy. Then Spaak pointed out that to defeat the second part or the third part would lead to the defeat of the whole paragraph since many delegations, including the Soviet, had declared that they would only accept the paragraph if it contained all three parts. The second part was then put to the vote again and was carried by 15 to 3 with 2 abstentions. The third part was carried by 14 to 3 with 2 abstentions and the whole paragraph (subject to drafting changes by the drafting Sub-Committee) by 16 to 3. We voted yes on all these three votes.

4. The Committee then moved to a discussion of paragraph 4 of the United States proposal (see pages 14 and 15 of our composite draft). In order to save time we did not press for our own draft and the United States draft was adopted unanimously.

5. The whole of the draft Resolution was then referred to the drafting Sub-Committee.

6. The drafting Sub-Committee met as soon as the Spanish discussion was over and sat from 7:00 p.m. to 11:00 p.m. and again on Tuesday morning, December 10th from 11:00 a.m. to 3:30 p.m. It will hold its third meeting on December 11th from 9:30 a.m. to 11:00 a.m. and the fifth meeting of the Sub-Committee will take place at 11:00 a.m. on December 12th. I represented us at these meetings, accompanied by Ignatieff.

7. At the meeting of the drafting Sub-Committee on December 9th, Senator Connally, who had been working in Committee ever since 10:30 in the morning, was so tired as to be reduced to silence. Shawcross was almost entirely concerned with getting rockets prohibited as well as atom bombs and thereby confused the issue on atomic energy. He did not see the pitfalls which Vyshinsky with the utmost skill was digging for him.

8. The main discussion was over the insistence of the Soviet that the Resolution expressly mention in paragraph 3 the two Organs which should be set up—one on general disarmament and one on the prohibition of the use of atomic energy for military purposes. All the Great Powers were con-

tent with language which would in our view have had the effect of making the control body for atomic energy into a body of inspectors for the enforcement of the prohibition of atomic weapons, instead of a control and development authority envisaged by all but the Soviet members of the Atomic Energy Commission. More particularly, the proposed language of paragraphs 2 and 3 contained no reference to the control of atomic energy for peaceful purposes and opened the door wide to the Soviet to claim in the Security Council that the General Assembly had requested the Security Council to go ahead immediately with the Soviet Convention to outlaw atomic bombs.

9. The Sub-Committee meeting on December 10th was equally unsatisfactory. I finally had to reserve the Canadian position on paragraphs 2 and 3.

10. My immediately following teletype gives the text of paragraphs 2, 3 and 4 as passed by the drafting Sub-Committee on December 10th and the text of the amendments we have proposed to paragraphs 2 and 3.

11. We are hopeful that the United States delegation will, by the time the Sub-Committee meets on December 11th, see the opportunity of misinterpretation offered by the present language of paragraphs 2 and 3. We are in consultation with the United States, United Kingdom and Australian delegations. The latter are strongly of the same view as ourselves and may indeed move a revised version of their Resolution as a substitute for the Sub-Committee's text. We are hoping that, instead of this, they will join us in appropriate amendments to the Sub-Committee's text.

12. It will probably be necessary for us to speak at some length at the Sub-Committee meetings on December 11th in order to explain our amendments. Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 383

New York, December 10, 1946

IMMEDIATE. ASDEL No. 258. Following from Reid, Begins: Disarmament.

My immediately preceding teletype. Following is the text of paragraphs 2, 3 and 4 by the Drafting Sub-Committee on December 10th.

2. As an essential step towards the urgent objective of eliminating from national armaments atomic and all other major weapons adaptable to mass destruction, and the early establishment of international control of atomic energy and other modern scientific discoveries and technical developments to insure their use only for peaceful purposes, the General Assembly urges the expeditious fulfilment by the Atomic Energy Commission of its terms of

reference as set forth in Section 5 of the General Assembly Resolution of January 24th, 1946. In order to ensure that the general prohibition, regulation and reduction of armaments are directed towards the major weapons of modern warfare and not merely towards the minor weapons, the General Assembly recommends that the Security Council expedite consideration of the reports which the Atomic Energy Commission will make to the Security Council and that it facilitate the work of that Commission, and also that the Security Council expedite consideration of a draft Convention or Conventions for the creation of an international system of control and inspection, these Conventions to include the prohibition of atomic and all other major weapons adaptable now or in the future to mass destruction.

3. The General Assembly further recognizes that essential to the general regulation and reduction of armaments is the provision of practical and effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions. Accordingly the General Assembly recommends to the Security Council that it give prompt consideration to the working out of proposals to provide such practical and effective safeguards in connection with the control of atomic energy and other limitation or regulation of armaments.

To ensure the adoption of measures for the reduction of armaments and armed forces and prohibition of the use of atomic energy for military purposes and of other major weapons adaptable now or in the future for mass destruction there shall be established within the framework of the Security Council, who bear the main responsibility for peace and security, an international system, as mentioned at the end of paragraph 2, operating through special organs, which organs shall derive their powers and status from the Convention or Conventions under which they are established.

4. The General Assembly, regarding the problem of security as closely connected with that of disarmament, recommends the Security Council to accelerate as much as possible the placing at its disposal of the armed forces mentioned in Article 43 of the Charter. It recommends to the Governments the progressive and balanced withdrawal, taking into account of occupation needs, of the forces stationed in ex-enemy territories, and the withdrawal without delay of forces stationed in the territories of member States without their consent freely and publicly expressed in Treaties or Agreements, not inconsistent with the Charter. The General Assembly further recommends a corresponding reduction of national forces and a general, progressive and balanced reduction of these forces.

The following is the text of the amendments which we are moving to paragraphs 2 and 3.

1. Add at the end of paragraph 2 the words "and the control of atomic energy to the extent necessary to ensure its use only for peaceful purposes"

2. Substitute for the following words at the beginning of the third sentence of paragraph 3:

“To ensure the adoption of measures for the early general regulation and reduction of armaments and armed forces and prohibition of the use of atomic energy for military purposes and of other major weapons adaptable now or in the future for mass destruction”

either A

“To ensure the adoption of measures for the reduction of armaments and armed forces and to set up the international system recommended at the end of paragraph 2”,

or B

“To ensure the adoption of measures for the early general regulation and reduction of armaments and armed forces, for the elimination from national armaments of atomic and all other major weapons adaptable now or in the future to mass destruction, and for the control of atomic energy to the extent necessary to ensure its use only for peaceful purposes”. Ends.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 388

New York, December 11, 1946

IMMEDIATE. SECRET. ASDEL No. 261. Following for Mr. St. Laurent from Reid, Begins: Disarmament. My ASDEL No. 257 of December 10th.

1. The Drafting Sub-Committee of the Sub-Committee on Disarmament held its third meeting from 9:30 a.m. to about 11:30 a.m. on Wednesday, December 11th.

2. The whole time was spent in an effort to reach agreement on the Troops Resolution which had been hopelessly confused as the result of Shawcross' performance in the plenary meeting of the Assembly on the evening of December 10th. Shawcross had in the Assembly agreed that the members of the United Nations should furnish the Secretary General with information about their armaments within one month of the establishment of an International Supervisory Commission which the Security Council was to be asked to establish immediately. This meant that the United States would be called upon to disclose its stock of atom bombs.

3. Spaak had saved the situation at the plenary meeting and tried again to save the situation at the meeting of the Drafting Sub-Committee on Disarmament on the morning of December 11th. At the Drafting Committee, he tried to persuade the members that the thing to do was to kill the Troops Resolution and substitute for it a few words in the Disarmament

Resolution. It looked as if he might succeed but Vyshinsky asked for time to consult with Molotov who had, he said, made a gentleman's agreement with Shawcross the night before.

4. The Drafting Committee was then adjourned to meet at three in the afternoon, to be followed immediately by a meeting of the full Sub-Committee which would itself terminate by four when the plenary session of the Assembly was to meet. Before the end of the Drafting Committee meeting our amendments to paragraphs 2 and 3, set forth in my ASDEL No. 258 of December 10th, had been circulated to the members of the Drafting Committee.

5. Immediately after the meeting of the Drafting Committee the United Kingdom asked us to attend a private meeting with themselves, the United States and Australia. Among those present were Shawcross, Senator Connally, Eberstadt (of the United States delegation to the Atomic Energy Commission), Hasluck, Wilgress, Ignatieff and myself. The meeting lasted for over an hour.

6. Just before the meeting, we gave in confidence to Shawcross, Connally, Hasluck and Spaak our draft of a statement† to be made by the Canadian representative, explaining our amendments to paragraphs 1, 2 and 3. We marked this "Confidential until given: Subject to revision". You will have received the text of this statement through C.I.S. In giving it to Mr. Spaak, I expressed my regrets that I had not made our position clear at the meeting of the Drafting Sub-Committee on Monday evening, December 9th, but that he would find in this draft statement an explanation of why we considered our amendments to paragraphs 2 and 3 of the Resolution to be of paramount importance.

7. The United Kingdom-United States-Australia-Canada discussions began badly. No one had had a chance to read our statement and Shawcross insisted that our amendments to paragraphs 2 and 3 were unnecessary and dangerous since they might jeopardize the whole Disarmament Resolution. Fortunately, Eberstadt supported vigorously our amendment to paragraph 2 and insisted that it was essential and that it was also desirable that there be added at the end of the Resolution a new paragraph stating that nothing in this Resolution limits in any way the Terms of Reference of the Atomic Energy Commission set forth in the Resolution of the General Assembly of January 24th, 1946. Hasluck, with whom I had had several conversations before the meeting, also supported our amendments but was in an ugly mood and was inclined to the opinion that the Resolution was so bad that even if it were amended in the sense which we and Eberstadt had proposed it would still be dangerous.

8. Connally was willing to go along with us on paragraph 2 after Eberstadt's intervention, but it took an hour of debate to shake Shawcross. However, by the end of the private meeting, he was agreed that the four States

represented there would support the Canadian amendment to paragraph 2, and the new Eberstadt paragraph. We pointed out that the order of importance was:

- (1) Our amendment to paragraph 2;
- (2) The Eberstadt paragraph;
- (3) Our amendment to paragraph 1;
- (4) Our amendment to paragraph 3.

9. Much to our surprise, when we arrived at the meeting of the Drafting Sub-Committee at three o'clock, we found that it was a meeting of the full Sub-Committee. Shawcross immediately insisted that the press and the public be admitted. Vyshinsky, before the public was admitted, stated that the Soviet could not accept Spaak's formula of the morning which would have killed the Troops Resolution. We then went on to discuss the Disarmament Resolution paragraph by paragraph.

10. We got no further than the first paragraph to which we moved amendments. Australia and the United Kingdom supported them vigorously, but the United States made no intervention. We have learned that Ross (Senator Austin's adviser), who attaches great importance to our amendments to paragraph 1, had still not even tried to sell them to Senator Connally.

11. We had hoped before the full Sub-Committee met to have spoken to Spaak and requested that our amendments to paragraphs 2 and 3 be taken before our amendment to paragraph 1.

12. The fifth meeting of the Sub-Committee on Disarmament lasted till about 4:15, when it was necessary to adjourn in order that Spaak preside at the plenary session. Before leaving, he said that he would not be able to continue to preside at the Disarmament Sub-Committee after Friday, and scarcely before then since he would be tied up as President of the Assembly. He suggested Koo in his place and this was accepted.

13. The Sub-Committee on Disarmament will hold its 5th meeting tomorrow morning, Thursday, December 12th. Wilgress will state that we consider our amendments to paragraphs 2 and 3 as of much more importance than our amendments to paragraph 1, and that we hope the Sub-Committee will, with very little further debate, vote on our amendments to paragraph 1. When we finish with paragraph 1, he will make, on paragraphs 2 and 3, a statement along the lines of that which you have received from us through C.I.S.

14. Following the meeting of the Sub-Committee, we got in touch with a number of delegations represented on the Committee, including Parodi, in order to explain to them the importance of our amendment to paragraph 2. I also spoke to a number of the more important newspaper men who had been attending the Sub-Committee meeting so that in their stories, which will appear before the Sub-Committee meets, they will be able to speculate intelligently about the reasons behind our amendments to paragraphs 2 and 3.

15. One point which I made this morning at the secret Four-Power meeting was that it was unlikely we would be able to get a good Disarmament

Resolution through this Assembly if we were working to the deadline of the Assembly ending this Saturday; that it was standard practice for the Russians to take advantage of the desire of other people to get away from a Conference in order to persuade them to agree to an ambiguous text; that, moreover, experience had shown that the chances of international discussions being abortive were increased if people were working under the pressure of a few days' deadline; that, therefore, it would be desirable if it were to be announced that the Assembly could not possibly end on Saturday, December 14th but that it would have to continue until the middle or end of next week. Shawcross agreed and said he would speak to Spaak in this sense.

16. Having carried the ball for the United States and the United Kingdom for so long, it now looks as if, once Wilgress has made his statement tomorrow morning on our amendments to paragraphs 2 and 3, we can leave the ball to be carried by the United States and the United Kingdom.

17. Mr. Martin will, no doubt, be speaking to you about the possibility of your return to New York. I should like, however, to add my own personal plea that if at all possible you should return as soon as you can. We may be faced in the next few days with a number of extremely difficult decisions. Ends.

486.

DEA/211-G

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures.*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 396

New York, December 12, 1946

SECRET. ASDEL No. 268. Following for St. Laurent from Reid, Begins: Disarmament.

1. Sub-Committee 3 of the First Committee held a meeting from 10:00 a.m. to 2:30 p.m. on Thursday, December 12th, and agreed to forward a text of a Resolution to Committee 1. (Copy of the text as it left the Sub-Committee is contained in my immediately following telegram.)<sup>1</sup>

2. The main feature of this meeting was the adoption of the amendments to the text offered by our delegation.

3. The first amendment was to the title and the first sentence of paragraph 1. An amendment which would include a reference to the first stage in disarmament, namely, the statement of principles governing disarmament by the Assembly under Article 11 was changed at the suggestion of Wellington Koo by introducing the idea in the title of the Resolution and in the opening

<sup>1</sup> La note suivante était écrite sur cette copie du télégramme:

<sup>1</sup> The following note was written on this copy of the telegram:

Note: Copy of text referred to in para[graph] 1 was not sent in the following telegram, but was transmitted via C.I.S. P.H.N.

words of the first sentence of the first paragraph. This suggestion was adopted unanimously. The title therefore reads, "Resolution on the Principles Governing the General Regulation and Reduction of Armaments" and the beginning of the first sentence is as follows: "In pursuance of Article 11 of the Charter and with a view, etc. . . ."

4. The second sentence in paragraph 1 deals with the second stage in the process of disarmament, namely, the consideration of "practical measures" by the Security Council. This was unchanged.

5. The third sentence in the text presented by the Drafting Sub-Committee referred only to ratification by members in accordance with Article 26. We had proposed as an intermediary step consideration of the plans formulated by the Security Council at "a special session of the General Assembly". This proposal gave rise to some discussion. Our position was not helped by the fact that Spaak was quite obviously intent on getting unanimous acceptance of the text as it left the Drafting Sub-Committee without any change. Thus he argued that our proposal to include a reference to a special meeting of the General Assembly to consider plans from the Security Council on disarmament would have a "restrictive" effect and it should be left to the Security Council to decide how the Conventions on disarmament could be submitted to the members of the United Nations.

6. We were opposed also by Parodi, representative of France, who, like Spaak, objected to any change in the text of the Drafting Sub-Committee. However, effective support was given to us by Shawcross and Hasluck. Vyshinsky did not speak on this point. Our amendment was carried by 10 votes to 9. It reads as follows:

"The plans formulated by the Security Council shall be submitted by the Secretary-General to the members of the United Nations for consideration at a special session of the General Assembly. The Treaties or Conventions approved by the General Assembly shall be submitted to the signatory States for ratification in accordance with Article 26 of the Charter."

7. The next amendment which we offered was at the end of paragraph 2 by the addition of the words "and the control of atomic energy to the extent necessary to ensure its use only for peaceful purposes". Wilgress made a full explanatory statement in support of this amendment, pointing out that in the first part of the paragraph in which the objectives of the Atomic Energy Commission are set out it was clearly stated that one of them should be "establishment of international control of atomic energy and other modern scientific discoveries and technical developments to ensure their use only for peaceful purposes". At the end of the paragraph however, where the text dealt with the Conventions which were to be considered by the Security Council there was no mention of control "to ensure its use only for peaceful purposes" but only of Conventions "for the prohibition of atomic and all other major weapons adaptable now and in the future to mass destruction" and "international system of control and inspection". The language, therefore, of the Drafting Sub-Committee text could be considered as an endorsement

of the principle that a mere prohibition of the production and use of atomic weapons and the establishment of an international system of control and inspection that would merely supervise and report on the observance or otherwise of such a Convention would by itself be enough, instead of a system of control of all the processes of atomic energy to ensure its use for peaceful purposes only.

8. Wilgress reminded the Committee that the Canadian position had been reserved on this paragraph and paragraph 3 in the Drafting Sub-Committee.

9. The Czech representative, who is also the Rapporteur of the Committee, said that, although he opposed the amendment in the Drafting Sub-Committee, he was prepared to accept it to avoid further discussion. Vyshinsky said that he did not think the amendment necessary but if there were to be an amendment it should be in the exact terms implied in the terms of reference of the Atomic Energy Commission. This was a rather surprising statement as the text of our amendment was an exact quotation of paragraph (b) of Section 5 of the terms of reference contained in the Assembly Resolution of January 24th, 1946.

10. Spaak and Parodi again opposed any amendment on the grounds that the agreed text of the Drafting Sub-Committee should not be touched. We got warm support from Senator Connally. When the amendment was put to the vote, it was passed 10 to 8 with one abstention.

11. In paragraph 3 we had proposed a consequential amendment to the third sentence dealing with the organs to be set up under the Conventions. We had offered two alternative texts as follows:

A. "To ensure the adoption of measures for the early general regulation and reduction of armaments and armed forces and to set up the international system recommended at the end of paragraph 2",

B. "To ensure the adoption of measures for the early general regulation and reduction of armaments and armed forces, for the elimination from national armaments of atomic and all other major weapons adaptable now or in the future to mass destruction, and for the control of atomic energy to the extent necessary to ensure its use only for peaceful purposes".

12. Vyshinsky, supported by others who were against any changes in the text, opposed A but it was passed 10 to 9. However, after it had been adopted in this way, Vyshinsky pointed out that he particularly objected to the exclusion in the Canadian amendment of any reference to the "prohibition of the use of atomic energy for military purposes". He, therefore, proposed that the Committee should take the Canadian amendment B. Vyshinsky said that he would not have any objection to this text if the words, "for the prohibition of the use of atomic energy for military purposes" were inserted before "elimination from national armaments". With this change the Canadian amendment to the third sentence of paragraph 3 was adopted unanimously.

13. Hasluck then moved an Australian amendment to be added to the end of paragraph 3 to read as follows:

"The organs shall be clothed with all the powers required to implement international safeguards and to detect and report on any breach or threatened breach of the Treaty or Convention and of subsequent supplementary agreements on the regulation and reduction of armaments".

14. This proposal of the Australian amendment brought from Vyshinsky the strongest opposition on the grounds that it raised the question of the powers the organs should have and what should be the guarantees that they would be required to implement.

15. Shawcross endeavoured to help Hasluck by suggesting "a compromise" by using the wording employed in the Resolution of January 24th on atomic energy, Section 5, paragraph (d) and proposed that the amendment should read as follows:

"The organs shall be clothed with all the powers required for the effective safeguards by way of inspection and other means to protect complying States against the hazards of violation and evasions".

Spaak, however, intervened with an appeal to all the members of the Drafting Sub-Committee to keep to the text which had been agreed. This gave Vyshinsky another opportunity to make a statement in opposition to Hasluck's proposal in which he said that the present text was a compromise and represented a departure from the original proposal on disarmament on which the Soviet Union had taken the initiative. He said that, if other delegations were to put forward amendments to the text, the Soviet Government would have to reserve its right to submit new amendments also. He said that the Australian amendment reflected doubt on the question of the applicability of the veto in the subordinate organs in the Commission and also the Soviet position regarding international control. He recalled Stalin's and Molotov's statements on these points. He said that Stalin had said "strong international control". This did not mean "national" control. Molotov had explained that the control organs would operate under their own rules as established by the Security Council and that the veto would not be operative in the control bodies. No State would, therefore, be able to hamper the operations of the Control Commissions.

16. In the light of Vyshinsky's statement, Shawcross agreed to withdraw his amendment noting interpretations of the Soviet position given by Vyshinsky.

17. Hasluck then said that the Australian delegation would not insist on a vote on their amendment, but reserved their position on paragraph 3 pending instructions from his Government. Wilgress said that his position was the same as that of Australia.

18. On paragraph 4 no changes were suggested for the first two sentences, but the last sentence which contains the recommendation of a reduction of national armed forces as distinct from forces stationed abroad, Vyshinsky suggested the addition of the words "in accordance with this Resolution" to follow the words "a general progressive and balanced reduction of these national armed forces". When Shawcross, however, pointed out that this

would have the effect of postponing any reduction or demobilization of national armed forces until the various other objectives of disarmament, including the working out of the Convention, had been carried out, and would negate the whole idea of demobilization of the large armies which were no longer necessary in peace-time, Vyshinsky withdrew his proposal and the paragraph was adopted with only slight drafting changes proposed by the Indian delegation at our request, in the interests of consistency of language. Thus "Governments" was changed to "members", "member States" to "members" and the word "armed" added to "forces" in the second sentence of paragraph 4.

19. Paragraph 5 which calls upon all members to render assistance, etc., was passed with drafting changes of "Governments" to "members".

20. The United States delegation then moved an additional paragraph to the Resolution as follows:

"Nothing herein contained shall alter or limit the Resolution of the General Assembly passed on January 24th, 1946, creating the Atomic Energy Commission".

21. This amendment was supported by a strong statement by Senator Connally appealing to all members of the Committee for support, reflecting the anxiety of the United States Government and the possible results of interpretations which might be placed on the present Resolution by the Soviet representatives in the Security Council and in the Atomic Energy Commission. Wilgress gave strong support to Connally, pointed out that the two Resolutions were of equal validity and that it should be placed beyond doubt that under no interpretation of the text of the present Resolution could it be argued that the Resolution of January 24th setting up the Atomic Energy Commission was modified in any way.

22. Vyshinsky opposed the amendment, claiming that there was nothing ambiguous or contradictory in the present text, but he finally gave way, claiming that it was a "gesture of compromise", and on the suggestion of Spaak, the United States additional paragraph was inserted as paragraph 5, making the paragraph "appeal to Governments" paragraph 6.

23. Finally at our suggestion the Netherlands' representative suggested one or two minor drafting changes to make the text conform to customary usage of language in the Charter. Shawcross also suggested at our request that the text should be split up into more paragraphs and proposed this be done by the Secretariat.

24. Spaak then put the whole text for adoption to the vote. Hasluck and Wilgress both indicated their reservation as regards paragraph 3 but the full text was voted unanimously for reference to Committee 1 by Subcommittee 3.

25. At the conclusion of the meeting members of the United States delegation expressed very cordial appreciation of our efforts to safeguard

the interests of the Atomic Energy Commission and the Resolution of January 24th, and it was generally felt that the text on disarmament as it now goes to Committee 1 does not at least contain any of the obvious pitfalls which the Canadian amendments have been intended to expose and remove. Ends. Message ends.

## SOUS-SECTION iv/SUB-SECTION iv

## AFRIQUE DU SUD/SOUTH AFRICA

487.

W.L.M.K./Vol. 337

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] November 27, 1946

India's complaint about the treatment of Indians in South Africa is proving to be one of the more disturbing and contentious issues at the meetings of the United Nations. There can be little doubt that the Indian Government has grounds for complaining over the treatment in South Africa of persons of Indian race and they have resorted to the United Nations only after having failed to secure satisfaction by negotiation. On the side of South Africa it can be argued that the Indian complaint relates to matters within their domestic jurisdiction.

At the moment there is a motion before the United Nations Committee which is studying the question to refer the whole subject to the International Court of Justice in order to clear up the preliminary question of jurisdiction. Mr. St. Laurent, speaking on November 25,<sup>1</sup> supported this motion as did the United States and the United Kingdom. No vote has been taken yet but our Delegation reports there is not much chance of this motion being passed.

If this motion is lost it seems likely that the Assembly would carry a motion of censure against South Africa and require her to report at the next meeting of the Assembly on the removal of the disabilities against Indians. Apparently there is a very strong desire among countries with coloured populations to secure the adoption of a censure motion against South Africa. So far only Argentina has come to the support of South Africa.

<sup>1</sup> Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'assemblée générale*, Commission mixte des première et sixième commissions, deuxième séance, le 25 novembre 1946, pp. 11-12.

<sup>1</sup> See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Joint Committee of the First and Sixth Committees, Second Meeting, November 25, 1946, pp. 11-12.

If a motion of censure is presented the Canadian Delegation most likely will abstain, taking the view that in the absence of information which the Court might provide it could not vote on the question.

488.

W.L.M.K./Vol. 406

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 301

New York, November 30, 1946

IMMEDIATE. SECRET. ASDEL No. 203. Following for Pearson from Hopkins, Begins: India-South Africa dispute.

1. At a joint meeting of Committees 1 and 6 held today, Mrs. Pandit<sup>1</sup> withdrew the original Indian resolution in favour of a joint French-Mexican resolution, which is contained in a separate teletype.<sup>2</sup>

2. When put to a vote, the French-Mexican resolution was carried by a vote of 24-19 with 6 abstentions. Canada voted against the resolution on the basis that it favoured a reference to the Court for an advisory opinion on the preliminary question of jurisdiction before the Assembly intervenes. The French-Mexican resolution was put to a vote, before a joint Swedish-United Kingdom-United States resolution favouring a reference to the Court had an opportunity of being so voted on. Had this latter resolution been put to a vote before the French-Mexican resolution was so put, it would probably have carried by a slim majority. This would probably have occurred had a Chairman other than Mr. Manuisky been presiding.

3. Before the vote, Canada, in suggesting some amendments to the Swedish-United States-United Kingdom resolution, was able to make its position clear. The question of a reference to the Court was of course not voted on, the French-Mexican resolution having been already carried.

4. The text of the Swedish-United States-United Kingdom resolution is given in a separate teletype.<sup>3</sup>

5. There is doubt whether the French-Mexican resolution will obtain a two-thirds majority in the Assembly. There is, therefore, possibility that the

<sup>1</sup> La présidente, la délégation de l'Inde à l'Assemblée générale.

<sup>2</sup> Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, Commission mixte des première et sixième commissions, annexe 1f, p. 133.

<sup>3</sup> Voir *Ibid.*, cinquième séance, 28 novembre 1946, p. 43.

<sup>1</sup> Chairman, Delegation of India to the General Assembly.

<sup>2</sup> See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Joint Committee of the First and Sixth Committees, Annex 1f, p. 133.

<sup>3</sup> See *Ibid.*, Fifth Meeting, November 28, 1946, p. 43.

matter may be referred again to the Joint Committee. In the Assembly, the Canadian delegation proposes to vote against the resolution. Our present intention is to do so without comment.<sup>1</sup>

## SOUS-SECTION V / SUB-SECTION V

## ESPAGNE/SPAIN

489.

DEA/5475-CU-40

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 39

Ottawa, October 28, 1946

DELAS No. 30. Following for Mr. St. Laurent from Pearson, Begins: Count de Morales, Consul General of Spain at Montreal, called at this Office this afternoon to express his Government's hope that Canada would not take any active part at Assembly in advocating intervention in Spain. De Morales stated that Spanish Government considered question of Franco's removal was one for Spaniards to decide and that he had been instructed urgently to place before you this statement for your consideration. Ends.

490.

DEA/5475-CU-40

*Le président, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Chairman, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

PERSONAL

New York, October 31, 1946

Dear Mr. Pearson,

I received the teletype dispatch No. 39 concerning Spain. I am afraid the best we would be able to do is to abstain from participation in any debate about the breaking off of relations with Spain basing our action upon the following considerations:

We have no diplomatic relations with the Franco Government at the present time and we do not feel we know enough about the situation to indi-

<sup>1</sup> Le Canada a voté contre la résolution mais celle-ci a été adoptée par l'Assemblée générale. Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, Séances plénières de l'Assemblée générale, cinquante-deuxième séance plénière, 8 décembre 1946, p. 1061.

<sup>1</sup> Canada voted against the resolution but it was adopted by the General Assembly. See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Plenary meetings of the General Assembly, Fifty-second plenary meeting, December 8, 1946, p. 1061.

cate to others what they should do. The U.K. Government can be regarded as quite sincere in its desire for world stability as we are ourselves. They are nearer Spain than we are, they find it rather an advantage than otherwise to maintain their mission in Spain and we do not think it would be appropriate for us to attempt to tell them what they should do.

We share the fear of many that it would not hasten the disappearance of Franco to give Spaniards the impression that outsiders were trying to settle their domestic problems for them. If we have to speak, we may do so in very general terms inspired by the above considerations.

Yours sincerely,

LOUIS S. ST. LAURENT

491.

L.B.P./Vol. 6

*Mémorandum du représentant suppléant<sup>1</sup>, la délégation à  
l'Assemblée générale des Nations Unies*

*Memorandum by Alternate Representative<sup>1</sup>, Delegation to the  
General Assembly of the United Nations*

CONFIDENTIAL

[New York,] November 15, 1946

DRAFT CANADIAN DELEGATION TEXT ON SPAIN (1) <sup>2</sup>

The Canadian Delegation does not wish unduly to prolong the discussion of this difficult problem. It is desirable, however, that our views should be placed on the record in order that there may be no misunderstanding of our position. We do not wish to run the risk of having silence mistaken for indifference.

In our opinion every proposal regarding Spain should be judged in the light of its probable effect on the welfare of the Spanish people. It is they who were the first and the most tragic victims of the Franco dictatorship. It is their immediate and lasting welfare that should be the basic concern of all who profess an interest in the Spanish problem. It is from this point of view that the Canadian delegation will examine all the proposals that are placed before this Committee of the General Assembly.

In its detestation of the actions of the present ruler of unhappy Spain the Canadian Government shares the views of those who have preceded us in this discussion. We do not forget that General Franco and those who established and supported him, including the Germany of Hitler and the Italy of Mussolini, have brought tragic sufferings to the people of Spain. We know that that suffering still continues. Nor are we unmindful of the fact that both

<sup>1</sup>H. L. Keenleyside

<sup>2</sup>La note suivante était écrite sur ce mémorandum: <sup>2</sup>The following note was written on the memorandum:

Telephoned my strong objections to this draft Nov[ember] 16th, 5:30 P.M.—  
to Escott [t] Reid in New York. L. B. P[EARSON]

before and during the war the Franco regime collaborated closely with those evil forces that brought Europe and the world to the very verge of disaster. By his actions at home and by his collaboration with the other fascist regimes abroad General Franco has defiled the history of a great and noble people.

We recognize also the dangers inherent in the continued existence of organized fascism anywhere in the world. We know that so long as such regimes continue in power they are likely to become a source of infection to other nations and they inevitably constitute a dangerous encouragement to subversive groups throughout the world.

For these reasons, and because the present Government of Spain exemplifies in its spirit and conduct the very antithesis of all that the Canadian and other democratic and humane peoples hold most dear, we join in the hope and expectation that there will be an early termination to the activities of this malevolent regime.

It is because we hold these views concerning the present Spanish dictatorship that we have recently refused to establish diplomatic relations with Spain. We have rejected the Spanish proposals with the definite statement that we cannot consider the exchange of diplomatic missions so long as Spain remains under its present leadership.

Our dislike of the Franco dictatorship, however, does not blind us to the difficulties facing those who, by the employment of positive measures, would endeavour to assist the Spanish people to gain their freedom.

In a better organized world, in a world free from the tremendous burdens of reconstruction and reorganization which today face us all, and in particular the countries of Europe, the solution of this problem would be very greatly simplified. We might then find practical means of assisting the people of Spain without placing renewed and redoubled burdens on those European peoples who are still struggling under the accumulated miseries of five years of total war.

We must not at this time, by incurring new responsibilities, risk the loss of those meagre improvements that have been achieved during the last eighteen months. With chaos still around us we must not run the risk of creating additional chaos.

Nor would the Canadian Government be prepared to share in the responsibility for the adoption of any policy that would cause, or be likely to cause, a revival of civil war in Spain. We are convinced that, great as are their present sufferings, the people of Spain would suffer even more profoundly if their country were to undergo the bitter tragedy of renewed domestic conflict.

It has been proposed that the United Nations should act together in the severance of all diplomatic relations with the present Government of Spain. Whether such a step would be likely to weaken the internal position of the Spanish dictatorship is, in our opinion, open to question. It is *possible*

that such an action would convince additional elements within Spain that their country can never enjoy normal and mutually profitable relations with the remainder of the world until it is freed from its present leadership.

But it is *also possible* that such concerted action might be so exploited in the controlled press and radio of an insulated Spain that the dictatorship might actually bolster its defences by calling to its aid the traditional national pride of the Spanish people. The Canadian delegation is not yet convinced that this would not be the more probable result of the proposed diplomatic sanction.<sup>1</sup>

It should also be recognized that, once started on the course of coercion, it would be very difficult for the nations concerned to withdraw from that dangerous highway. One step might lead to another with consequences which, in the present state of the world, would be disastrous to our plans for the early reparation of the ravages of war.

So far as the proposal to break diplomatic relations with Spain is concerned, the Canadian position is relatively simple and its course correspondingly clear. We have no diplomatic relations with the Franco Government and we have no intention of altering that situation.

With regard to the Spanish problem as a whole, the Canadian attitude can perhaps best be summarized as follows:

We detest and deplore the past record and the present policies of the Franco dictatorship.

We hope that the Spanish people may themselves find means to rid themselves of Franco and to establish a democratic, responsible and enlightened administration.

Because of our sympathy for and interest in the welfare of the people of Spain we shall be glad to assist in the achievement of this objective if feasible and proper means can be found.

We are *not* prepared to support any course that would be likely to

- (a) cause renewed civil war in Spain;
- (b) endanger the fragile fabric of European rehabilitation or slow down the processes of European recovery.

Within the confines of this policy we are prepared to collaborate with the other members of the United Nations in any course that promises to bring relief to the people of Spain, and to release the European continent from this potential menace to its security and peace.<sup>2</sup>

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal Note:  
What do we think then?

<sup>2</sup> Note marginale:

<sup>1</sup> Marginal Note:  
Some policy!

492.

DEA/5475-CU-40

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 123

Ottawa, November 16, 1946

DELAS No. 80. Following for Keenleyside from Pearson, Begins: Our files here do not definitely show that we ever told any Franco representative that we would not institute diplomatic relations with Spain as long as the Franco Government is in power. In the circumstances, therefore, I do not think it would be wise to include any specific reference of this kind in any statement which the Delegation makes. For one thing, it might make it more difficult for us not to send a representative to Spain immediately if Franco should be overthrown, and we might not be in a position at present to find such a representative. Ends.

493.

DEA/5475-CU-40

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 197

New York, November 18, 1946

TOP SECRET. ASDEL No. 131. Following for Pearson from Reid, Begins: Spain.

The United Kingdom delegation has sent us the following revised draft resolution which results from discussions between the United Kingdom delegation and the United States State Department and which supersedes the previous draft which I sent you. Text begins:

The people of the United Nations are desirous of welcoming the people of Spain into the United Nations as soon as they give proof that they have a Government which derives its power from the Spanish people and which is willing and able to meet the obligations imposed by the Charter upon members of the United Nations.

THEREFORE

The General Assembly of the United Nations, convinced that the Franco Fascist Government of Spain, which was imposed by force upon the Spanish people by the Axis Powers and which gave material assistance to the Axis Powers in the war, does not represent the Spanish people, and is pursuing policies which make impossible the participation of the Spanish people with the peoples of the United Nations in international affairs;

Desiring to secure the participation of all free and democratic peoples, including, when they achieve that status, the people of Spain, in the community of nations;

Recognizing that it is for the Spanish people to settle the form of their Government and wishing, by peaceful means, to encourage the re-establishment of democracy in Spain;

Places on record its profound conviction that in the interest of Spain and of world co-operation the people of Spain should give proof to the world that they have a Government which derives its authority from the consent of the governed;

And to achieve that end General Franco should surrender the powers of Government to a Provisional Government broadly representative of the Spanish people, which should guarantee to the Spanish people freedom of speech, religion and assembly and arrange for the prompt holding of a free and untrammelled election in which the representatives of all parties, committing themselves to respect freedom of speech, religion and assembly may seek free from force and intimidation the franchise of the Spanish people.

And invites the Spanish people to bring about by this method the admission of Spain to the United Nations.

The General Assembly further recommends that the Franco Government of Spain be debarred from membership in international agencies set up at the initiative of the United Nations or by members of the United Nations, and from participation in conference or other activities which may be arranged by the United Nations or by these agencies. Text ends. Ends.

494.

DEA/5475-CU-40

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 204

New York, November 18, 1946

TOP SECRET. ASDEL No. 135. Following for Pearson from Reid, Begins: Reference my ASDEL No. 131 of November 18th, transmitting the text of revised draft resolution on Spain. This was discussed at a Commonwealth meeting this morning at which Mr. Bevin was present.

1. Bevin stated that the United Kingdom Cabinet had approved of this resolution and that he had informed Byrnes that it would, in the United Kingdom's opinion, be best if this were moved by a Latin American Republic or, if not, by the United States.

2. Makin of Australia wished to have a reference inserted to the findings of the Sub-Committee of the Security Council on Spain, and will submit a revision to Bevin for his consideration. Bevin was clearly reluctant to consider this change and Mr. St. Laurent suggested that perhaps Makin's point would be met by a reference to the fact that the Security Council had transmitted to the Assembly all its records on the Spanish question. No one made

any other suggestions for the amendment of the draft resolution other than on the final paragraph. Smuts asked whether this paragraph as drafted would not bar Spain from the International Trade Organization, and Mr. St. Laurent raised the question of its effect on the Aviation Organization. Bevin made it clear that the intent of the paragraph was to bar Spain from membership in organizations set up in future at the initiative of the United Nations, and he had not realized that the International Trade Organization was being set up at the initiative of the United Nations. Mr. Bevin agreed that the words in the final paragraph "or by members of the United Nations" should be deleted.

3. As a result of this discussion, I hope that this extremely badly drafted final paragraph will be revised to make its intent clear.

4. The Indian representative came out strongly against the severance of diplomatic relations with Spain or the imposition of economic sanctions. The first was objectionable since it would deprive us of means of influencing the Spanish Government. The second was objectionable since it might help to precipitate civil war in Spain.

5. If India takes this position publicly, it should be most helpful since India, hitherto, has sided more with the Soviet bloc than with the Western Powers in discussions in most questions before the Assembly. Ends.

495.

DEA/5475-CU-40

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 132

Ottawa, November 19, 1946

DELAS No. 84. Following for St. Laurent from Pearson, Begins: I have been reading Escott Reid's telegram No. 204 on the U.K. revised draft resolution on Spain. I take it that the Delegation will be supporting some resolution of this kind. In view of this fact, I think it would be undesirable for us to be vigorous in words to the point of violence when our action is to be so negative. I have had some discussions here (though I have not mentioned the matter to the Prime Minister yet), and I feel fairly certain that the general view will be that we should draw as little attention as possible to our stand on this matter. That being the case, I should think the less we say about it, the better. If, however, some statement is required, I would hope that we would make clear that, while we deplore Franco and all his works, particularly his attitude in the War, we have no desire to have a Fascist dictatorship replaced by any other kind of dictatorship, Monarchist or Communist; that all we are interested in is giving the Spanish people an opportunity freely to express their own views on the kind of Government they desire. Ends.

496.

CH/Vol. 2082

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

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

TELEGRAM 1983

Ottawa, November 20, 1946

Following for your information is repetition of tel[egram] received from Canadian delegation in New York dated Nov. 17th, Begins:

ASDEL No. 128. Following for Pearson from Reid, Begins: A State Department official informed me last night in confidence that the United States has decided to oppose the Polish resolution calling for the severing of diplomatic relations with Spain. While they do not think that this resolution is likely to get a two-thirds majority in the Assembly they fear it may be passed by the Political Committee where only a simple majority vote is required. According to their information the Latin American Republics are divided as follows: Against the Polish resolution 8, probably against 3, in favour 5, doubtful 4.

The Polish resolution will be supported by the Slav Group and by perhaps most of the other European members though The Netherlands may vote against and Iceland, Denmark and possibly Sweden abstain. Other States listed against resolution are the Arabian States, Iran, Turkey, Liberia and the Philippines. The United States also hopes that all Commonwealth countries are going to vote against the resolution. In view of the possibility that the resolution may have a majority vote in the Committee the United States is urging us to vote against it.

I said that the line that we had tentatively decided upon was to abstain on the Polish resolution, but that I would put the State Department's arguments up to Mr. St. Laurent.

We shall be in a better position to decide on our policy after Commonwealth meeting on Monday. There is no great urgency since the Spanish issue will not come up in the Political Committee until the discussion of the presence of the Armed Forces of Members on non-enemy territory and on the Soviet proposals on disarmament. Ends.

497.

DEA/5475-CU-40

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs  
to Consul General in New York*

TELEGRAM 136

Ottawa, November 20, 1946

TOP SECRET. DELAS No. 87. Following for Reid from Riddell, Begins: Your ASDEL No. 135 of November 18th.

Following comment, which was discussed and agreed by Pearson, Ritchie and myself, yesterday, may be of use to the delegation in considering action you should take on Spanish question.

1. One difficulty against which we should try to protect ourselves is that brought out in paragraph 2 of your ASDEL No. 135 of November 18th. Russians are systematically trying to force western nations to exclude Spain from any international organization even of a technical character, with United Nations affiliations. As Mr. Martin knows, they have succeeded in this policy in case of narcotics control, and tried to compel us to put Spain out of PICAQ. We have learned recently that same question has arisen in regard to telecommunications. U.S.S.R. at four-powers Telecommunications Conference in Moscow in October stated that they would not be present at World Telecommunications Conference if Spain were invited.

2. In many cases, U.S.S.R. desires to stay out of these technical organizations in order to avoid measure of international control involved, and Spanish question is used merely as a pretext. On the other hand, exclusion of Spain may seriously weaken effectiveness of technical organization such, for example, as telecommunications.

We should, therefore, avoid as much as possible being put in position where Russians can embarrass us by charging inconsistency when we oppose for technical reasons exclusion of Spain from some particular United Nations Organization. Ends.

498.

L.B.P./Vol. 6

*Le représentant suppléant, la délégation à l'Assemblée générale des Nations Unies, au sous-secrétaire d'État aux Affaires extérieures*

*Alternate Representative, Delegation to the General Assembly of the United Nations, to Under-Secretary of State for External Affairs*

PERSONAL

New York, November 20, 1946

My dear Mike [Pearson],

I am sorry that you found my draft on Spain so out of line with Canadian policy. It represented, in my opinion, the consensus of the Delegation's views including those of Mr. St. Laurent who had summed up by saying that

- (a) we would probably have to speak
- (b) we would go along with anyone in our denunciation of Franco, but
- (c) would not agree to any foreseeable proposals for sanctions.

I went over the exact text that I gave you with Sen. Haig, Senator Robertson, and M. J. Coldwell (one from each party). *Haig* said that it suited him and was what we had agreed in committee. *Robertson* went over it with great care and came to the same conclusion. He noted the divergence between condemnation and lack of action, but said that that was the position "of the Delegation and of the people at home as well". *Coldwell* said it was too weak but that it

was what the Delegation had agreed and was probably the best—or the most, I am not sure which—that could be expected. He regretted that it could not be made more vigorous both in phrasing and in provision of eventual action if that should become practicable.

After this it was a bit hard to be told by you that my text was “violent”. Even Mr. St. Laurent did not go that far! In fact when we reviewed it together yesterday he proposed to leave in one or two of the paragraphs that I imagine you found open to objection.

I knew that I was inviting a headache when I took this on and as you can see from the foregoing I not only got it *but still have it!* Coldwell is going to object to my new text although it is probably *not* modified enough to suit you. I shall go over it again with Mr. St. Laurent before I send a copy to you.

We had a dinner for Najera\* last night with Paul Martin presiding. It was a great success with the guest of honour creating a very strong impression as I knew he would. Paul was quite enthusiastic.

In summary Najera said that it is his view that the Assembly should go as far in condemnation of Franco *as it can go with unanimity*. It should not go beyond that point. He would like *unanimous intervention* but knows that that is not possible. He wants unanimity in whatever is done because otherwise Franco will be able to say that the British and Americans and whoever else holds back, *are on his side*.

This is, of course, in line with our policy.

Please forgive the writing. I did not want to give this to one of the girls, or to put it on file.

Yours

HUGH [KEENLEYSIDE]

499.

L.B.P./Vol. 6

*Le sous-secrétaire d'État aux Affaires extérieures au représentant suppléant,  
la délégation à l'Assemblée générale des Nations Unies*

*Under-Secretary of State for External Affairs to Alternate Representative,  
Delegation to the General Assembly of the United Nations*

SECRET AND PERSONAL

Ottawa, November 25, 1946

Dear Hugh [Keenleyside],

I have just received your personal letter of November 20th and am extremely sorry over the disappointment that my intervention in the Franco draft speech has caused you. I would have much preferred to take this draft up with you when you were in Ottawa, but I was not able to do so. Therefore, I telephoned New York. I hope that my observations and reactions were correctly reported to you.

\* H. E. Señor Don Francisco Castillo Najera, Mexican Minister for Foreign Affairs and Head of Mexican Delegation to the United Nations General Assembly.

In the first place, I do not yield to anyone on the strength of my feelings about the Franco regime. So far as I am concerned, the adjectives which you use in your draft correctly describe it. I would go as far as any person in advising action which would remove that regime, but, as you point out, that action must be effective for the purpose indicated and not react against the welfare of the people of Spain, who would be its first victims if it miscarried.

Personal feelings, however, are not important in connection with a statement of this kind. There are other more important considerations. One is the position of public opinion in Canada and the effect of this on government policy. Another is the impression created in other delegations by the words which we use in a public statement at the United Nations Assembly. As to the first, that is a matter, of course, for Government decision, but I know enough about the viewpoint here to be quite sure that certain people are most anxious that as little controversy as possible be created in Canada over this issue. As to the second point, I sincerely thought that the impression created among other delegations by a statement couched in the terms of your first draft, would not be a good one. I had in mind particularly the contrast between the strength of our language and the weakness of our policy. I do not suggest that we should adopt any other policy, but in view of its negative character, I personally did not think it warranted language as strong as that which you used in the first page or two. The contrast seemed to me to be startling.

I gather that you do not feel that I was justified in using the word "violent" in connection with that language. Possibly it was not "violent" in itself, but it certainly seemed violent to me in comparison with what followed. I do not argue that we should not say that we "detest" Franco and all his actions; it may be true that he has "defiled the history of the Spanish people" and that his regime is "malevolent" but all I felt was that these words constituted a violent prelude to the soft music which followed, namely, a somewhat complicated explanation that we could not do anything about this malevolent fellow because "once started on the course of coercion it would be very difficult for the nations involved to withdraw from that dangerous highway". If Franco is as bad as we have painted him, and I am not arguing that he isn't, then almost any kind of coercion could be justified, if we desired to justify it. We do not so desire, for good and sufficient reasons. Therefore, I think that we should adopt language a little more suited to our justifiable timidity in this matter. That was really all I had in mind.<sup>1</sup>

The delegation in New York may feel differently, and they may be right and I may be wrong. However, I thought I had better give the delegation my own frank opinion. In a nutshell, that opinion is that, as we cannot do anything effective about Franco at the moment, we should say as little as pos-

<sup>1</sup> Voir la version finale de la déclaration sur la position du Canada dans Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale, première commission, trente-septième réunion, 3 décembre 1946*, pp. 244-45.

<sup>1</sup> See the final version of the statement on Canada's position in United Nations, *Official Records of the Second Part of the First Session of the General Assembly, First Committee, Thirty-seventh meeting, December 3, 1946*, pp. 244-245.

sible; especially as the motives of our friends the Russians in this matter are certainly not above suspicion.

I should end by expressing to you my sympathy in this headache that you have voluntarily contracted. It is certainly that. I would like to give you an aspirin for that headache, but, as that is not possible, I would hate to do anything to make it harder for you to bear.

Yours sincerely,

L. B. PEARSON

500.

DEA/5475-CU-40

*Mémorandum du chef, la première direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] December 4, 1946

The following is a brief summary of the position in regard to Spain before the General Assembly:

1. There is a resolution proposed by Poland and Byelo-Russia calling for the breaking off of diplomatic relations and the imposing of economic sanctions. It is perhaps worthy of note that if economic sanctions were imposed the burden of enforcing them would fall on Atlantic naval powers, and particularly on the United Kingdom.

2. There is a United States resolution recommending that Franco Spain be debarred from membership in international affairs set up on the initiative of the United Nations, and calling upon General Franco to surrender his power to a provisional government.

3. The Canadian delegation has associated itself with criticisms of the Franco Government in Spain and has indicated its willingness to support the second part of the United States resolution but not the first part which would debar Spain from all bodies organized under the United Nations.

501.

W.L.M.K./Vol. 412

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 386

New York, December 11, 1946

IMMEDIATE. SECRET. ASDEL No. 259. Following for Mr. St. Laurent from Reid, Begins: Spanish Question.

My ASDEL No. 254, December 10th.† My immediately following teletype† gives the text of the Resolution on Spain<sup>1</sup> adopted by the First Committee on December 9th and on which we abstained.

2. This Resolution may be coming before the General Assembly tomorrow Thursday, December 12th.

3. I was not at the delegation meeting this morning since I had to attend a meeting of the drafting Sub-Committee on Disarmament which began at 9:30. I understand, however, that Mr. Coldwell expressed quite strongly the view that we should vote in the General Assembly in favour of the Resolution on Spain. He regrets that we did not, in the First Committee on December 9th, vote in favour of the Sub-Committee's proposal calling on the members of the United Nations to break diplomatic relations with Spain. He is somewhat mollified by the fact that we did vote for the second paragraph of the Belgian amendment recommending that all members of the United Nations immediately recall from Madrid their Ambassadors and Ministers Plenipotentiary.

4. Mr. Martin has asked me to try my hand at drafting a statement which the Canadian delegate might make in plenary session when the Spanish Resolution is up for discussion.

5. I have spoken to him on general terms about the nature of the statement which we might make which would justify our voting in favour of the Resolution presented to the Assembly but he has not seen the draft statement which I have just prepared and which follows, since he is now attending the plenary meeting at Flushing. He will, no doubt, be getting in touch with you direct on this question.

6. The text of the draft statement which I have prepared reads as follows:

“(1) The Canadian delegation made clear at the meeting of the First Committee of this Assembly on December 3rd the attitude of the Canadian Government on the Spanish question. I need not, therefore, repeat now the points contained in the statement which we made then.

“(2) When this Resolution, which is now before the General Assembly, was being considered by the First Committee on December 9th, Canada voted against that part of the Resolution which recommends that the Franco Government be debarred from membership in Specialized Agencies and from participation in Conferences or other activities which may be arranged by the United Nations or by the Specialized Agencies.

“(3) We did so because we feel that the question of the participation of any State which is not a member of the United Nations in any Specialized Agency should be decided on one basis only—the practical advantages to the peoples of the United Nations of the Government of *that* State being

<sup>1</sup> Voir Nations Unies, *Résolutions adoptées par l'Assemblée générale pendant la seconde partie de la première session du 23 octobre au 15 décembre 1946*. Résolution 39(1), pp. 63-64.

<sup>1</sup> See United Nations, *Resolutions Adopted by the General Assembly during Its First Session from 23 October to 15 December 1946*. Resolution 39(1), pp. 63-64.

committed to the obligations of membership in *that* Agency. This is the position which the Canadian Government has consistently maintained in the meetings of the Economic and Social Council and of the Specialized Agencies. In our opinion, no useful purpose is served by limiting the scope or weakening the effectiveness of the Specialized Agencies in order to debar the Franco Government from the obligations of membership in them.

“(4) We put our views strongly and we continue to maintain that the views we expressed on this question are correct. However, this part of the Resolution was passed by the First Committee by a vote of 32 to 5 with 8 abstentions. In view of this clear expression of the views of the great majority of the members of this Assembly, we believe that no useful purpose would be served by our continuing to oppose this section of the Resolution now before the Assembly. Canada will not, therefore, because of the inclusion of this section in the Resolution oppose the passage of the Resolution.

“(5) The paragraph in the Resolution which immediately follows the paragraph on the Specialized Agencies recommends that if, “within a reasonable time”, the Franco Government is not replaced, the Security Council should “consider the adequate measures to be taken in order to remedy the situation.”

“(6) The term “measures” has a special meaning in the Charter. It is used in Chapter VII to mean what used to be called sanctions. Under Article 39 of the Charter the Security Council, before considering what “measures” should be taken against a State, must first, however, decide a preliminary question. This preliminary question is whether there exists a threat to the peace, a breach of the peace or an act of aggression.

“(7) It is obviously constitutionally improper for this Assembly to recommend that the Security Council, in the event that the Franco regime remain in power more than a reasonable time, consider the application of sanctions against Spain before first determining under Article 39 that the continued existence of the Franco regime constitutes a threat to the peace, a breach of the peace or an act of aggression.

“(8) It is to be assumed that this Assembly would not pass a Resolution which is constitutionally improper. It is, therefore, to be assumed that what this part of the Resolution means is that, in the circumstances envisaged, the Security Council should determine whether the continued existence of the Franco regime is a threat to peace and, if it decides that it is a threat to peace, it would then go on to consider “the adequate measures to be taken in order to remedy the situation.”

“(9) This part of the Resolution is based on an amendment proposed by the Belgian delegation. I am confident, Mr. President, that this was the meaning which the Belgian delegation had in mind when they drafted their Resolution.

“(10) I would suggest, however, that the intent of this part of the Resolution has not been clearly expressed and it would, therefore, be wise and use-

ful if the General Committee, acting under Rule 36 of the Rules of Procedure of this Assembly, should revise the language of this part of the Resolution in order to make it clear that the Assembly is not acting unconstitutionally and is not recommending to the Security Council that *it* act unconstitutionally.

“(11) On the understanding that the necessary drafting changes in the Resolution will be made by the General Committee, the Canadian delegation is prepared to vote in favour of the Resolution”.<sup>1</sup>

7. (Please repeat to Mr. Pearson in Washington). Ends.

SOUS-SECTION vi/SUB-SECTION vi

VETO

502.

DEA/5475-L-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures au conseiller, la délégation à la Commission de l'énergie atomique des Nations Unies*

*Acting Under-Secretary of State for External Affairs to Adviser, Delegation to the Atomic Energy Commission of the United Nations*

CONFIDENTIAL

Ottawa, August 28, 1946

Dear Mr. Ignatieff,

We are giving consideration in the Department to the possibility of our suggesting, at an appropriate time in the Assembly debates, that the Assembly adopt a resolution clarifying the meaning of the provisions of the Charter on the pacific settlement of disputes by the Security Council.

2. One of the reasons why the Security Council has found it difficult to carry out the functions assigned to it in Chapter VI of the Charter is that the provisions of Chapter VI are obscure. An attempt to clarify these provisions might therefore help to make the work of the Security Council a little easier.

3. At San Francisco the Co-ordination Committee realized the defects in the draft of Chapter VI and reached agreement among themselves on a re-draft. However, it was then too late to secure the Conference's approval in view of the pressure to bring the Conference to an end.

4. I enclose four copies of a draft resolution prepared in the Department for possible submission to the Assembly. The draft is dated August 27th.

<sup>1</sup>Cette déclaration ne fut pas prononcée. Le Canada s'est abstenu lors du vote. Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, Séances plénières de l'Assemblée générale, cinquante-neuvième séance plénière, 12 décembre 1946, p. 1222.

<sup>1</sup>This statement was not presented. Canada abstained on the vote. See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Plenary Meetings of the General Assembly, Fifty-ninth Plenary Meeting, December 12, 1946, p. 1222.

5. I think it would be useful if you were to show this draft to the United Kingdom, United States, and Australian representatives on the Security Council, and say that we would appreciate their comments both on the text of the draft resolution and on whether they think it might be useful to have such a resolution introduced at the Assembly. From their experience in the Council, we know that they will be able to suggest many improvements in our draft.

Yours sincerely,

E. REID

[PIÈCE JOINTE / ENCLOSURE]

*Mémorandum du chef, la deuxième direction politique*

*Memorandum by Head, Second Political Division*

[Ottawa,] August 27, 1946

DRAFT RESOLUTION CLARIFYING THE MEANING OF THE PROVISIONS  
OF THE CHARTER ON THE PACIFIC SETTLEMENT OF DISPUTES  
BY THE SECURITY COUNCIL

Since certain obscurities in the provisions of the Charter on the pacific settlement of disputes by the Security Council have given rise to difficulties in their practical application, the General Assembly approves of the following restatement of the provisions of the Charter dealing with the pacific settlement of disputes by the Security Council.

I. UNDERTAKINGS OF MEMBERS OF THE UNITED NATIONS

1. Each Member of the United Nations undertakes that:

(1) If it is a party to an international dispute, it will seek a solution by peaceful means so that the maintenance of international peace and security will not be endangered. (Article 2, paragraph 3; Article 33, paragraph 1.);

(2) If it is a party to an international dispute which endangers international peace and security and it fails to settle it by peaceful means, it will refer it to the Security Council. (Article 37, paragraph 1.)

II. METHODS BY WHICH DISPUTES OR SITUATIONS MAY BE  
BROUGHT TO THE ATTENTION OF THE SECURITY COUNCIL

2. The General Assembly or any Member of the United Nations or the Secretary-General may bring to the attention of the Security Council any international dispute or any situation, provided that the situation is one which might lead to international friction or give rise to an international dispute. (Article 11, paragraph 3; Article 35, paragraph 1; Article 99.)

3. A state which is not a Member of the United Nations may bring to the attention of the Security Council any international dispute to which it

is a party, provided that it accepts in advance, so far as this dispute is concerned, the undertakings of Members set forth in paragraph 1 above. (Article 35, paragraph 2).

### III. PROCEDURES IN SECURITY COUNCIL

4. As soon as a dispute or situation has been brought to the attention of the Security Council, it shall be placed on the agenda of the Security Council by the Secretary-General and no vote by the Security Council shall be required in order to authorize its inclusion on the agenda.

5. Subject to the exception noted in paragraph 10 below, the Security Council has the right to deal with a dispute or a situation only if a continuance of that dispute or situation is likely to endanger international peace and security. Therefore, the first step the Security Council must take, once a dispute or a situation has been brought to its attention, is to determine whether a continuation of the dispute or situation is likely to endanger international peace and security. This may require a preliminary investigation by the Council of the dispute or situation but this preliminary investigation shall be limited to the question whether the dispute or situation is likely to endanger international peace and security. For the purpose of such a preliminary investigation, the Council may appoint a committee of enquiry which may exercise its functions elsewhere than at the seat of the United Nations. (Article 34).

6. Once the Council has determined that a dispute or situation is likely to endanger international peace and security the Council has the duty to deal with it for the Members of the United Nations have, in order to ensure prompt and effective action by the United Nations, conferred on the Security Council primary responsibility for the maintenance of international peace and security. (Article 24, paragraph 1.)

7. Having determined that a dispute or situation is one which it has the duty to deal with, the Security Council may take any or all of the following three courses of action in any order it sees fit:

(1) It may remind the parties to a dispute of their undertaking to settle it by peaceful means of their own choice (Article 33, paragraph 2);

(2) It may recommend to the states parties to a dispute or concerned in a situation that they adopt those certain particular peaceful means or methods of adjustment which, in the opinion of the Security Council, seem to be most likely to succeed (Article 33, paragraph 2);

(3) It may recommend terms of settlement to the parties to a dispute (Article 36, paragraph 1).

8. In deciding between the three possible courses of action, the Council should take into consideration:

(a) any procedures for the settlement of a dispute which have already been adopted by the parties (Article 36, paragraph 2), and that

(b) as a general rule, legal disputes should be referred by the parties to the International Court of Justice in accordance with the provisions of the Statute of the Court. (Article 36, paragraph 3.)

9. The Security Council shall encourage the development of pacific settlement of local disputes through regional arrangements or agencies, provided that such arrangements or agencies and their activities are consistent with the Purposes and Principles of the United Nations. (Article 52, paragraphs 1 and 3).

#### IV. DISPUTES WHICH DO NOT ENDANGER INTERNATIONAL PEACE AND SECURITY

10. The Security Council may, if all the parties to any dispute so request, deal with the dispute even though it is not one likely to endanger international peace and security and the Council may make recommendations to the parties with a view to a pacific settlement of the dispute. (Article 38.)

#### V. VOTING IN THE SECURITY COUNCIL

11. A party to a dispute shall abstain from voting on all decisions under Chapter VI and under paragraph 3 of Article 52, whether on procedural matters or on other matters. (Article 27, paragraphs 2 and 3).

12. Decisions of the Council on procedural matters shall be made by an affirmative vote of seven members. Procedural matters shall be deemed to include:

(a) decisions on whether the Security Council has the duty to deal with a dispute or situation (i.e., whether the dispute or situation is likely to endanger international peace and security), and

(b) decisions leading up to that decision (e.g., a decision to appoint a committee of enquiry to make a preliminary investigation of the question whether a dispute or situation is likely to endanger international peace and security.)

13. Subject to the provisions of paragraph 11, decisions of the Council on all other matters relating to the peaceful settlement of disputes shall be made by an affirmative vote of seven members including the concurring votes of the permanent members.

503.

DEA/211-C

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

TELEGRAM CIRCULAR D. 933

London, October 15, 1946

IMMEDIATE. SECRET. We have been considering attitude to be taken by United Kingdom delegation if question of voting in Security Council is raised at forthcoming meeting of United Nations General Assembly.

2. Confidence in Security Council has, in our view, been considerably undermined recently by use made by U.S.S.R. of veto as tactical weapon in Council. This has been done in spite of statement by sponsoring Powers at San Francisco of June 7th, 1945, which concluded "it is not to be assumed that permanent members would use their veto wilfully to obstruct operation of the Council". This has led to suggestions that right of veto ought to be abolished.

3. As regards this suggestion, following observations arise:

(1) To abolish veto would entail amendment to Charter. Article 109(2) provides that for this it is necessary for General Assembly by a two-thirds majority and Security Council by a vote of any seven members to decide on a Conference for purpose. Any amendments recommended by such a Conference only come into force when ratified by two-thirds of the members of the United Nations, including the five permanent members. In our view, even if necessary majorities could be obtained in Assembly and Council, there is no, repeat no, prospect of Soviet Government ratifying any amendment to Article 27.

(2) United States have from the beginning attached importance to right of veto. They might be reluctant to forego the protection which it could in certain circumstances give them.

(3) Granting of this right to five permanent members accords roughly with their relative position in the world and is formal acknowledgement of fact that a refusal by one of them to co-operate in enforcement action would gravely impede, if it did not effectively frustrate, such action.

(4) What has occurred in the Security Council does not prove that right of veto is wrong, though probably the cases in which it can be applied might be reduced by introduction of rules of procedure of kind proposed in my telegram Circular D. 283 of March 26th.† What is wrong is misuse of veto. It has yet to be shown that any alternative voting system can be devised which is not equally open to abuse by a State determined to misuse it.

(5) It is by no means certain that United Kingdom Government should forego right of veto. Circumstances might arise in which a majority on Security Council voted in favour of a course which appeared detrimental to interests of United Kingdom or other members of British Commonwealth. If all decisions were taken by an affirmative vote of any seven members, it might be tempting for an ill-disposed country to obtain decision adverse to us on a matter where our vital interests were concerned.

4. If amendment of Charter is ruled out, there appear to be only two possible lines of approach:

(a) To try to secure agreement between permanent members of Council for repudiation of five-Power statement at San Francisco and subsequent agreement by them to fresh undertakings on use of veto. This, however, in our opinion has no more prospect of Soviet concurrence than a proposal to amend Charter.

(b) By introducing rules of procedure, to lay down conditions for defining a dispute, thereby limiting occasions on which a permanent member could at same time both be a protagonist in a matter before Security Council and use veto on decisions on that matter. Rules of procedure about submission of cases in writing should also be laid down. It seems to us that this remedy affords the most promising and practical approach.

5. Article 30 of Charter lays down that Security Council shall adopt its own rules, which are, therefore, not strictly speaking business of General Assembly. On the other hand, Article 10 of Charter entitles General Assembly to discuss any matters within scope of Charter, or relating to powers and functions in organs provided for in the Charter. It would, therefore, appear to be in order for United Kingdom delegation to propound its suggestions to Assembly.

6. As regards item on General Assembly agenda, proposed by Cuba, for a Conference to amend Charter in order to eliminate veto, we are disposed to take following line:

(1) United Kingdom Government joined in sponsoring voting procedure now included in Article 27 of Charter, believing it to be in accordance with distribution of strength and responsibility among United Nations and burdens they had to bear during war.

(2) We share widespread disappointment in achievements of Security Council to date, but consider it premature and not necessarily correct to make changes in Charter designed to eliminate veto altogether.

(3) While we do not rule out possibility of amending Charter at earlier date, it is relevant that Article 109(3) of Charter already provides for Conference to be called after tenth annual session of General Assembly for purpose of reviewing Charter, and consideration of amendments at this early stage in operation of United Nations Organization seems premature.

(4) It does not necessarily follow that any change that might be made now would be for the better. A distinction should be drawn between provisions of Charter and use made of them. For our part, we feel that, if permanent members regard veto as privilege only to be used when their interests are vitally concerned in matters of major importance, veto will prove to be help instead of hindrance to proper functions of Security Council.

(5) We cannot support interpretation of right of veto to cover preliminary investigations of disputes or situations, long before there is any question of enforcement action. Nor can we support irresponsible use of veto to prevent Security Council from reaching any decision at all, in cases where clear wishes of majority are not to liking of one permanent member. At present stage, however, we would prefer to see permanent members retaining right of veto; if experience has shown need of safeguards against abuse, these should be provided by suitable rules of procedure.

7. If other British Commonwealth Governments have any comments, we should be grateful if they could be telegraphed as soon as possible and repeated to Washington or New York for communication to United Kingdom delegation, now on point of departure for New York.

504.

DEA/211-C

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

[Ottawa,] October 23, 1946

COMMENTS ON UNITED KINGDOM TELEGRAM CIRCULAR D. 933 ON THE  
QUESTION OF VOTING IN THE SECURITY COUNCIL

1. As pointed out in Paragraph 2 of the above telegram, the veto has provided any Great Power under the Charter with the constitutional means of blocking positive action by the Security Council in the discharge of its primary responsibilities for the maintenance of international peace and security. Whereas the main argument used at San Francisco in favour of the veto was that it was essential for the preservation of unity among the Great Powers, in our view the use of the veto in the past year in the Security Council has demonstrated and underlined their disunity.

2. The veto is, in fact, a device intended to ensure in some measure that the influence of a Great Power in the Organization should correspond to its importance in the world. However, as the Canadian delegation constantly pointed out at San Francisco, it was illogical to single out five powers only for this special treatment and to leave all the rest in the same position under the Charter.

3. The United Kingdom observations in Paragraph 3(1) and 3(2) are sound. It does not seem likely that the discussions on the veto at the General Assembly will bring much in the way of results, though there is the possibility, or more, that the Australians will push their amendment (see telegram No. 13 from Canberra of October 22nd)† to a vote. If it proves possible later to improve the relevant provisions of the Charter, we believe that improvement will come, not from simple removal of the veto power, but from the development in its place of some more effective and acceptable method of making the constitutional authority of the member states inside the Organization correspond more closely to their authority in international affairs.

4. The Canadian delegation, like many other delegations at San Francisco, swallowed the veto only after it had been sugarcoated by the assurances of the Great Powers that their veto power would be used sparingly. The Canadian delegation also trusted that in due course the decisions of the Council

might build up a kind of common law which would eventually be incorporated in the Charter itself and that in this way more satisfactory procedures might come to be established. The veto has not been used sparingly and the decisions of the Council have built up a common law, but, as indicated in Paragraph 6(5) of the United Kingdom telegram, it is a *bad* common law. However, in our opinion, this does not mean that it would be feasible, or possibly even useful, to strive for a limitation of the veto at this time. The most the Assembly could do is to make more difficult the irresponsible use of the veto. It might, for example, adopt in formal terms a statement of what it considers to be the illegitimate use of the veto, under present terms of the Charter. It will be seen from the Australian telegram referred to above that they are likely to oppose this as not going far enough. On the other hand, such a course might well be favoured by the United States delegation if Alger Hiss' views, as reported in Washington teletype WA-3733†, accurately reflect United States policy.

5. The introduction by the Assembly of rules of procedure concerning the definition of a "dispute" and the submission of cases in writing, as suggested in Paragraph 4(b), appears to be a desirable measure and the Canadian delegation could support such a proposal.

6. Paragraph 3(5) of the United Kingdom telegram is a discouraging one. The emphasis therein on the value of the veto in the preservation of "national interests" is a depressing reminder how far we have had to retreat from the ideals and even the language of San Francisco.

505.

DEA/211-C

*Le conseiller, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Adviser, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

New York, October 28, 1946

Dear Mike [Pearson],

You may remember that I showed you some time ago a draft of a re-statement which I had done of the Provisions in the Charter on the Pacific Settlement of Disputes. Hopkins has prepared a most useful revision of my memorandum. I am enclosing two copies of it. It is dated October 26th.

You will see that he has put it in the form of a recommendation to the Security Council on rules which should govern the treatment by the Security Council of disputes or situations brought to its attention.

We have discussed the enclosed memorandum with Mr. St. Laurent and, as a result, I am now going to show it informally to the United Kingdom, United States and Netherlands delegations.

We are, of course, not going to do anything precipitous about a resolution of this kind, but it may be that the course of events may indicate a week or so from now that we would be doing a constructive piece of work if we were to present a resolution of this character to the first committee of the Assembly on Political and Security questions.

The British, Americans and the Dutch will no doubt have suggestions to make about a possible revision of our working draft. I should be most happy to receive from you any suggestions that occur to you.

There is nothing, I think, up to the last paragraph which the Soviet Union could legitimately take exception to. Even the last paragraph they would, I think, have been prepared to accept at San Francisco provided, of course, that it contained the joker that a decision on whether or not a matter is procedural is a substantive question requiring Great Power unanimity. However, it is barely possible that in two weeks time they might not object too strenuously to the passage of a resolution along the lines of ours, since this might result in the Assembly not passing a more extreme resolution.

I shall let you know the result of my conversations with the British, Americans and Dutch.

Yours sincerely,

ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du chef, la direction juridique*

*Memorandum by Head, Legal Division*

CONFIDENTIAL

[New York,] October 26, 1946

DRAFT RESOLUTION ON THE PACIFIC SETTLEMENT OF DISPUTES  
BY THE SECURITY COUNCIL

The General Assembly, conscious that difficulties in the practical application of the provisions of the Charter relating to the pacific settlement of disputes have prevented the Security Council from fulfilling adequately the high functions it is required to exercise on behalf of the United Nations, recommends as follows to the Security Council and the Members of the United Nations:

(1) When a Member of the United Nations or a state which is not a Member brings a dispute to the attention of the Security Council, the Member or state should be required to supply to the Council a detailed statement in writing showing:

(a) what steps have been taken by the states concerned to settle the dispute by peaceful means, as provided in paragraph 1 of Article 33 or otherwise;

(b) in what manner the continuance of the dispute is likely to endanger the maintenance of international peace and security.

(2) When a Member of the United Nations brings a situation to the attention of the Security Council, the Member should be required to supply to the Council a detailed statement in writing showing:

(a) what steps have been taken by the state or states concerned to seek a solution by peaceful means of its or their own choice.

(b) in what manner the continuance of the situation might lead to international friction or give rise to a dispute.

(3) When a dispute or situation is brought to the attention of the Security Council by a Member of the United Nations, or by a state which is not a Member and which has complied with paragraph 2 of Article 35, the dispute or situation should be placed on the agenda by the Secretary General. No vote by the Council should be required to authorize its inclusion.

(4) The first step which the Security Council should take when a dispute or situation is placed on its agenda is to determine without delay whether the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security.

(5) When the Security Council has determined that the continuance of a dispute or situation on its agenda is likely to endanger the maintenance of international peace and security, it is the responsibility of the Council, under paragraph 1 of Article 24 of the Charter to take prompt and effective action in accordance with paragraph 2 of Article 24, paragraph 2 of Article 33, paragraph 1 of Article 36 and paragraph 2 of Article 37. It should without delay pursue any one or more of the following courses of action in whatever order it sees fit:

(a) remind the parties to a dispute of their undertaking to settle it by peaceful means of their own choice;

(b) call upon the states parties to a dispute or concerned in a situation to adopt such particular peaceful means or methods of adjustment as the Council considers most likely to succeed;

(c) recommend terms of settlement to the parties to a dispute.

(6) In deciding the appropriate course of action under (5) above regard should be had to paragraphs 2 and 3 of Article 36 of the Charter and to paragraphs 1 and 3 of Article 52 of the Charter.

(7) Where the Charter does not specify what are "procedural matters" under paragraph 2 of Article 27, the expression should be interpreted in practice in the manner best calculated to facilitate the adequate accomplishment by the Council of its purposes. "Procedural matters" should, for instance, be deemed to include:

(a) matters falling under the heading "Procedure" in Articles 28 to 32, inclusive, of the Charter;

(b) determinations by the Security Council on the preliminary question whether the Council has jurisdiction to deal with a dispute or situation (i.e.,

a determination whether the continuance of a dispute or situation is likely to endanger the maintenance of international peace and security);

(c) decisions leading up to determinations by the Security Council on the preliminary question of its jurisdiction to deal with a dispute or situation, (e.g., the nature of any inquiry to determine the preliminary question);

(d) decisions by the Security Council on whether a matter brought to its attention is a dispute or a situation.

506.

DEA/211-C

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 76

Ottawa, November 4, 1946

CONFIDENTIAL. DELAS No. 54. Following from Pearson for Reid, Begins: Your letter of October 28th concerning proposed recommendation to the Security Council.

1. While I fully agree that proposed restatement of procedure governing treatment by the Security Council of disputes or situations brought to its attention would be preferable to procedure as now defined in Charter, it seems to me that difficulties from which the Security Council now suffers are so deeply imbedded in political relations amongst the Great Powers that adjustments of the kind you suggest in the instrument may not materially improve the situation while these difficulties persist, and should be put forward only if you feel certain they will not make things worse.

2. Proposals you make under paragraph 3 of your memorandum will have the effect of taking out of hands of the Security Council all control over its own agenda. While this would undoubtedly eliminate present difficulties arising from preliminary debate on whether items should be included in Agenda, I wonder whether in the long run loss of control over its agenda might not be harmful to the Security Council.

3. It seems to me also that your paragraph 7 changes from substantive to procedural matters subjects on which the Russians will hold very strong views and I should think it unlikely, in existing circumstances, that they would accept your resolution even as an alternative to something more objectionable to them. This, however, is a point on which you will be able to judge more accurately in New York.

4. For these reasons, my own view is that if there is any likelihood whatever that your resolution will be carried only by a majority vote against the opposition of the Eastern bloc, your proposal should be considered and approved by Government before it is put forward on Canadian initiative.

In the meantime, I assume, of course, any discussions on this subject with the United Kingdom, the United States or Netherlands delegations are on a tentative and noncommittal basis. Ends.

507.

DEA/211-C

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 115

New York, November 6, 1946

IMMEDIATE. SECRET. ASDEL No. 78. Following for Pearson from Reid, Begins: Your DELAS No. 54 of November 4th, proposed Resolution on the pacific settlement of disputes by the Security Council.

1. Our hope had been to get the United States to father the Resolution. However, Bevin suggested at Commonwealth meeting this morning that we might try to persuade the five permanent members jointly to sponsor a Resolution of this character. Cadogan is drawing up a memorandum for consideration by the Commonwealth delegates. How far Cadogan's memorandum will be based on ours we do not yet know.

2. Cadogan's next step is to call together a group of officials of the Commonwealth delegations in the hope that they can agree on the text of a Resolution. This Resolution would then be presented to the heads of the Commonwealth delegations. Bevin then contemplates asking the heads of the delegations of the Big Five to meet with him to consider the Resolution. They would probably find it necessary to refer to their Heads of State.

3. We are in entire agreement with this course of action, which seems to offer the only hope of getting a constructive result out of the Assembly discussions of the veto and of the failure of the Security Council to be an effective agency for settling disputes. We are not optimistic about the possibility of success. We agree with you that the value of a Resolution carried by the Assembly against the opposition of the Eastern bloc would be extremely limited.

4. The draft Resolution which we framed for purposes of informal discussion has been shown only to the United Kingdom, United States, Australia and The Netherlands and on a tentative and non-committal basis. In my discussions with members of these delegations, I have made clear that we do not ourselves wish to propose the Resolution, since we feel it should be proposed by that country whose initiative would be best calculated to get it through.

5. Cadogan and Jebb agree with our draft of October 26th and think there is a possibility of securing Soviet concurrence in everything but sub-

paragraph (b) of paragraph 7. Van Kleffens agrees with it and I will tomorrow receive his suggestions for minor revision. I will also receive tomorrow from Joe Johnson of the State Department his comments on the draft.

6. We have prepared a new draft, dated November 4th, a copy of which I am sending you today.† It contains two new paragraphs inserted between paragraphs 3 and 4 of the old draft. These paragraphs reproduce the substance of Part (a) of Annex IV of the Foreign Office memorandum on the right of veto. Paragraphs 4 and 5 of the new draft read as follows:

“4. In deciding whether a matter brought before it is a dispute or situation, the Security Council should hold that a dispute exists:

(a) Where the State or States bringing the matter before the Council and the State or States whose conduct is impugned agree that there is a dispute; or

(b) Where the State or States bringing the matter before the Council allege that the attentions or intentions of another State are endangering, or are likely to endanger, the maintenance of international peace and security and the State or States which are the subject of these allegations contest some or all of the facts or the inferences to be drawn from the facts.

5. Where a dispute exists which arises from an allegation by one State that another State has violated the rights of a third State, and the third State supports the allegation, the third State should be deemed to be a party to the dispute.”

7. We have also added a new final paragraph in an effort to implement the proposal made by Parodi of the French delegation in his speech to the Assembly that the abstention of a permanent member should not necessarily be considered as a negative vote. The United Kingdom delegation has also been trying to work out a formula along these lines and so has M. Spaak.

8. Our new paragraph reads as follows:

“1. A member of the Security Council, which before a vote is taken, makes a statement to the following effect should be held to have cast an affirmative vote within the meaning of Article 27 of the Charter:

“While I am not prepared to support this proposal, I am not prepared to prevent its acceptance if that is the desire of the majority. I am willing, in the circumstances, to have my position considered as constituting that degree of concurrence necessary in order that a decision may be reached.”

9. The changes suggested in our proposals on the control of the agenda are perhaps more apparent than real. At present, items automatically go on the “draft agenda”. What we are suggesting is that the decision on whether a matter be transferred from the draft agenda to the agenda should be an automatic result of a determination by the Council that the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security. Ends.

508.

DEA/211-C

*Mémorandum du conseiller, la délégation à l'Assemblée générale des Nations Unies, au président, la délégation à l'Assemblée générale des Nations Unies*

*Memorandum from Adviser, Delegation to the General Assembly of the United Nations, to Chairman, Delegation to the General Assembly of the United Nations*

SECRET

[New York,] November 7, 1946

DRAFT RESOLUTION ON THE PACIFIC SETTLEMENT OF DISPUTES  
BY THE SECURITY COUNCIL

I had a long talk yesterday evening with Joe Johnson of the State Department. He is the State Department expert on the Security Council. He said that the views that he expressed were purely his own, since the United States had not yet decided either on objectives or on tactics in this particular matter. He said that I could repeat his remarks to Jebb of the United Kingdom delegation but that he would not wish his remarks to go further in the U.K. delegation than that.

2. He is still opposed to the U.K. proposal which we embodied in paragraphs 4 and 5 of our draft of November 4. This relates to the definition of a dispute. He thinks, and here I am pretty certain he is reflecting the settled views of the State Department, that the more desirable thing is to blur the distinction between dispute and situation in the hope that general agreement may be reached soon that the states directly involved in a situation as well as states party to a dispute abstain from voting. He thinks that the United Kingdom proposal for defining a dispute is a narrowly legalistic approach.

3. He was at first opposed to the statement in paragraph 6 of our draft that "the first step which the Security Council should take when a dispute or situation is placed on its draft agenda is to determine without delay whether the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security." He had interpreted this to mean an almost immediate vote by the Council on this preliminary question. I explained that this was not our intention and agreed that it was badly phrased. We agreed that a better way of putting it would be somewhat as follows: "The first steps taken by the Security Council when a dispute or situation is placed on its draft agenda should be directed towards settling the preliminary question whether the continuation of the dispute or situation is likely to endanger the maintenance of international peace and security."

4. I said that what had been in the back of our minds in drafting this paragraph 6 was to try to ensure that the discussions in the early stages in the Security Council should be focussed on the one point of jurisdiction. It would clearly be necessary for the Council to discuss the facts of the case in order to determine whether its continuance was likely to endanger peace, but it would

discuss the facts and the charges and counter-charges, not in an effort to arrive at a recommendation on the settlement of the dispute but in order to decide whether it had jurisdiction.

5. He agreed with Jebb that it would be difficult if not impossible to reconcile sub-paragraph (d) of paragraph 10 with the provisions of the Four-Power Declaration at San Francisco. He was also doubtful whether the Soviet Union would accept sub-paragraph (b), which provides that a decision by the Security Council on whether a matter is a dispute or a situation is a procedural decision. I said I thought the Soviet Union would be on extremely weak ground if it tried to oppose this. The Four-Power Declaration at San Francisco was certainly no more than a gloss on the Charter. It could not, therefore, be interpreted to override the clear sense of the Charter. Paragraph 3 of Article 27 stated that "a party to a dispute shall abstain from voting" in decisions under Chapter VI. If a permanent member could veto a decision that a matter was a dispute or that it was a party to a dispute, this proviso in the Charter would in effect be rendered meaningless. I understood that it was a principle of the interpretation of an international document that it was to be assumed that its provisions had some meaning.

6. He is attracted by the proposal in the final paragraph of our memorandum under which abstention would count as concurrence. He drew my attention, however, to the fact that the French version of paragraph 3 of Article 27, in the reference to the concurring votes of the permanent members puts the word "tous" before "les membres permanents". The same is true of the Spanish version.

7. Johnson showed me what seemed to be an extremely useful elaboration of the proposals we make in paragraphs 1 and 2 of our memorandum on the statement which should be made by a state bringing a dispute or situation to the attention of the Security Council. I think this United States proposal should be incorporated in any final memorandum drawn up on this subject.

8. He does not like the final sentence in paragraph 3 and in paragraph 7 stating that no vote by the Council should be required to authorize inclusion in the draft agenda or agenda, respectively, but he did not make the reason for his objection clear to me.

9. He thinks that paragraph 9 of the memorandum is unnecessary and I am inclined to agree.

10. The conversation was, I think, useful since it cleared up a certain misunderstanding in Johnson's mind about the nature of and reasons for our proposals. I said to him that it had seemed to us that the main reason for the failures of the Security Council in dealing with disputes or situations was of course the bad relations between the permanent members but that minor obstacles to the success of the Security Council had resulted from its inadequate rules of procedure and the obscurities in Chapter VI which resulted in legitimate differences of opinion as to what the chapter meant and how the Security Council should proceed under it.

11. I reminded him that at San Francisco the Co-ordination Committee had finally reached unanimous agreement on a new text of Chapter VI which cleared up a considerable number of the obscurities but that it was by then too late in the conference to get the new draft accepted. Our approach to Chapter VI was in accord with this clarification agreed to by the Co-ordination Committee.

12. Johnson is still in two minds about the wisdom of trying to bring greater precision now in the meaning of Chapter VI and in the Rules of Procedure of the Security Council on peaceful settlement. He has a feeling that it may be better if the Security Council is left to stumble along in rather a confused way in the expectation that gradually the permanent members will agree on interpretations which may go even further than the kind of interpretations they might agree on today. I said that I realized the strength of this argument, but that it was also necessary to take into account another consideration and that was the danger in this Assembly either that the Assembly would pass extreme resolutions about the Security Council directed against the Soviet Union or that a long and bitter debate would end in a sense of frustration.

E. REID

509.

DEA/211

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 140

New York, November 8, 1946

SECRET. ASDEL No. 94. Following for Pearson from Reid, Begins: My immediately preceding teletype. †

Following is text of memorandum of November 7th by Cadogan on the veto. (It may be useful to have a definition of what is meant by the veto. It is submitted that it can be claimed that the veto has been exercised only when the requisite majority of the Security Council—7 members—have been defeated by one or more privileged votes of the 5 permanent members. Clearly, the worst case is where a single permanent member obstructs the will of all the other members of the Council, but logically it must be admitted that the veto is also exercised whenever an otherwise effective majority is defeated by 2, or more, permanent members).

It is generally agreed that there is no possibility of amendment of the Charter at this stage. Nor would there perhaps be urgent need of it if only the Charter could be worked as was intended.

The fact is that the veto has been misused. It originated in the recognition of the fact that a Great Power could not be expected to accept an adverse decision on a matter which it held to affect its vital interests. In practice, it has been used to block any proposal not exactly pleasing to the possessor of

the veto. We have had cases, for instance, where the Soviet Government, or one of its satellites, has made a proposal that fails to find support in the Council. Some other member has then put forward another proposal, tending in the same direction but going, admittedly, only part of the way. The Soviet representative has then vetoed this latter proposal. This is senseless: it is preferring no bread to half a loaf.

The declaration made by the sponsoring Powers at the San Francisco Conference in June 1945 gave the assurance that the veto would not be used arbitrarily. But that is exactly what has, in fact, been done.

A possible remedy, therefore, is to seek agreement among the 5 permanent members on certain rules of conduct, if such can be framed. To take the extreme case, the veto should only be employed by the permanent members in defence of their own vital interests, and they would have to state the grounds on which they considered these were at stake. There might be other rules less difficult to establish, e.g., that a proposal could not be vetoed simply for the reason that it did not go far enough: the vetoing Power or Powers would have to state their grounds for holding that the proposal in question was detrimental either to their own interests or to those of the United Nations as a whole, or likely to endanger the maintenance of international peace and security. It might be possible to define other rules of conduct.

If so, their observance would be greatly facilitated if it could be established that a permanent member could abstain without vetoing. A permanent member may genuinely dislike a proposal, but at present has to choose between vetoing and voting for something it dislikes.

The actual wording of the Charter seems pretty clear on the point: substantive decision "shall be made by an affirmative vote of seven members, including the *concurring votes of the permanent members*". It might appear, therefore, that an amendment of the Charter would be necessary. But is it not possible that an interpretative resolution agreed by all would be valid. The United States are in favour of this: the Soviet delegate on one occasion abstained without claiming that his abstention vetoed a decision which, if pressed, he would almost certainly have claimed was one of substance (it is true that he made a somewhat obscure reservation): there is no reason to suppose that China or France would object. In fact, it would not be reasonable for any one of the permanent members to object: there is no question of depriving them of any right: they would merely be given the right, if they chose to avail themselves of it, of divesting themselves of a right. But this would be entirely at their discretion.

If the 5 were agreed on this, there is little doubt that the other members of the Assembly would also agree.

It might be said that if all were agreed, there would be no difficulty about making an amendment to the Charter in this sense. But, apart from the Soviet horror of any amendment to Article 27, there is the difficulty

that the entry into force of an amendment depends on ratification by all 5 permanent members and this might not, after all, be forthcoming.

But there is another line of approach to the problem. It is not only the veto that has been misused but the whole machinery of the Council. The primary purpose of the Council is, if other methods have failed, to attempt conciliation—at least that should be the first method that it employs. But this has never been attempted. A number of questions have been put on the Council agenda without any warning or prior consultation. The prime object seems to be, not to find a settlement, but to score points and to trap and trip up the representative of the Government accused or involved. The representative of the Government giving notice of the question opens the discussion in uncompromising terms, and the discussion itself leads straight to a vote, engendering considerable heat on the way.

It is a simple proposition that the fewer votes that are taken, the fewer vetoes can be interposed. Might it not, therefore, be possible—as it is desirable—to get agreement on certain rules of procedure governing the conduct of the case by the Council when it comes to handle it?

For example, might it not be laid down that, except in cases of extreme urgency, a preliminary statement should be submitted in writing: this document should show in what way the peace was threatened: it should include a statement of the steps already taken to reach agreement and achieve a settlement?

It might be possible to go further and prescribe the actual manner of handling the matter in the Council when the latter comes to deal with it, e.g., it might be laid down that the Council shall appoint a Rapporteur, or a Committee of some of its members, to make a further attempt at conciliation.

A related question concerns the provision of Article 27, paragraph 3, of the Charter, whereby parties to a dispute are debarred from voting on decisions under Chapter VI and Article 53, paragraph 2. At present, there is often a tendency to deny that a dispute exists, in order to avoid forfeiting the right to vote. This might be met in part at least if agreement could be reached once and for all on a simple definition of a dispute. A formula has already been devised in London.

To summarize, we ought to try to get agreement among the permanent members:

- (1) On the occasions on which it is legitimate to employ the veto;
- (2) On the right of abstention by a permanent member without thereby vetoing a proposal;
- (3) On the necessity for presenting a case in proper form to the Council, and only after other means of settlement have been tried;
- (4) On certain procedure to be followed by the Council in handling a case, and
- (5) On a definition of a dispute.

It remains to be considered whether any of the above suggestions, or all of them, should be discussed in the first instance privately with the other permanent members, or whether they should be brought forward publicly. It is suggested that, even if they are negatived in private, it should thereafter be announced that they had been made and rejected and we should present them in Committee. We must face the fact that it is very unlikely that the Soviet Government, in their present mood, will accept all, or indeed any, of them. But that need not deter us from putting forward suggestions that we consider reasonable and likely to be effective: we shall have made the best contribution we can, and the responsibility for opposing all improvement must rest where it properly belongs. Ends.

510.

DEA/211

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 147

New York, November 9, 1946

SECRET. ASDEL No. 100. Following for Pearson from Reid, Begins: In speaking at Commonwealth meeting this morning on Cadogan's memorandum on the veto, Mr. St. Laurent said that it was apparent that a very large majority of the members of the Assembly were in favour of passing a Resolution on the exercise of the veto. It would be unfortunate if it appeared that the smaller States were trying to wrest power from the Big Five which had been given them by the Charter and were trying to do this in spite of the opposition of the Big Five. What we should aim at, therefore, should be a statement to the world of an agreement between the Big Five and the other members of the United Nations about how the veto should be used. Such a statement would restore confidence in the Security Council.

2. He would deprecate any statement coming from the Great Powers which contained some of the passages in Cadogan's memorandum. Some of these passages were a retrogression even from the Four-Power statement at San Francisco. In that statement, the Great Powers had said that it was not to be assumed that they would use their veto power wilfully to obstruct the operation of the Council. They also, in the speeches which they gave to the San Francisco Conference before the veto provisions were accepted, gave the impression that they would use the veto not to protect their own interests but to promote the purposes of the whole Organization.

3. Cadogan had, however, said that the veto "originated in the recognition of the fact that a Great Power could not be expected to accept an adverse decision on a matter which it held to affect its vital interests". The logical implication of this statement was that a Great Power could not be expected to give up its veto when it is a party to a dispute. Yet the Great Powers had already agreed under the Charter to do this.

4. Cadogan had also stated that "the veto should only be employed by the permanent members in defence of their own vital interests". Mr. St. Laurent contrasted this with Senator Connally's statement on June 20th, 1945, at a meeting of Commission III at San Francisco that the Great Powers "will discharge the duties of their office not as representatives of their Governments, not as representatives of their own ambitions or their own interests, but as representatives of the whole Organization in behalf of world peace and in behalf of world security".

5. The other Great Powers did not protest the language of Connally's statement and it was with the kind of assurance which Connally had given, in mind that the nations which were not Great Powers had signed the Charter.

6. It would have a considerable reassuring effect if the Great Powers included in their proposals to the Assembly a statement along somewhat the same lines as Connally's.

7. Mr. St. Laurent said that he was concerned over the terms of the draft Australian resolution under which the Assembly would state that it "considers that in some instances the use and the threatened use of such power of veto have not been in keeping either with the general purposes and principles of the Charter or with the understanding of the United Nations Conference on International Organization held at San Francisco, and, therefore, earnestly requests that the permanent members of the Security Council shall refrain from exercising this power of veto except in cases under Chapter VII of the Charter." Any request to the permanent members to refrain from exercising a veto, except under Chapter VII, would open the way to the Soviet Union to argue that what they were being asked to do was to agree to a modification of the Charter as they construed it in the Four-Power statement at San Francisco. Mr. St. Laurent referred to the chain of events argument in that Four-Power statement. Ends.

511.

DEA/211-C

*Mémorandum du conseiller, la délégation à l'Assemblée générale des Nations Unies, au président, la délégation à l'Assemblée générale des Nations Unies*

*Memorandum from Adviser, Delegation to the General Assembly of the United Nations, to Chairman, Delegation to the General Assembly of the United Nations*

SECRET

[New York,] November 9, 1946

## PACIFIC SETTLEMENT BY THE SECURITY COUNCIL

Dr. Van Kleffens asked me to have lunch with him today. Dr. Van Roijen was also present.

2. Dr. Van Kleffens read to me a memorandum which he had written commenting on my draft resolution of November 4. He also gave me the attached

statement† which he prepared some months ago for possible delivery at a Security Council meeting but did not in fact deliver.

3. On the whole Dr. Van Kleffens is in agreement with the ideas expressed in the draft resolution.

4. His main point of divergence is that he conceives of two stages in the preliminary examination of a dispute or situation brought to the attention of the Security Council. During the first stage the Council decides whether there is a *prima facie* case and whether the dispute or situation has been brought in good faith. If it decides this in the affirmative, the matter is moved from the draft agenda to the agenda of the Council. The Council then embarks on a discussion of the question of whether the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security.

5. Dr. Van Kleffens agrees with Mr. Johnson of the State Department that it is desirable to retain the provision in the existing Rules of Procedure of the Council under which a vote is required to put a matter on the agenda (as distinct from the draft agenda, which is under the control of the Secretary-General).

6. Dr. Van Kleffens is not satisfied with the definition of a dispute given in paragraphs 4 and 5 of the draft resolution. In the first place, he thinks that paragraph 4 should begin somewhat as follows: "In deciding whether a matter which it has jurisdiction to take cognizance of is a dispute or a situation, the Security Council should hold that a dispute exists." He also thinks that while (a) and (b) are good examples, (a) and (b) are not an exhaustive list of examples and that there is contained in paragraph 5 another definition of a dispute.

7. His own opinion on the definition of a dispute is contained in the attached memorandum† which he gave me. It is "that there should be a stated claim and a denial of that claim; the denial being either express or implied."

8. Dr. Van Kleffens is not satisfied that the examples of procedural matters given in paragraph 10 completely exhausts the list of procedural matters implicit in the Four-Power Declaration at San Francisco. He did not, however, have any explicit suggestions for addition to this list.

9. So far as paragraph 11 is concerned on the possibility of abstention being made equivalent to concurrence, his comment was that this would "commend itself to sane people."

10. Dr. Van Kleffens said that The Netherlands would be glad if we so desired to join themselves with us in presenting to the Assembly proposals of the character set forth in the draft resolution. I felt that the farthest I could go was to say that I was very grateful and to go on to say that our feeling of course was that we wanted to see proposals of this character put forward in the Assembly by whatever state was most likely to get them through, and that it might be best if either the United States or the United Kingdom were to present proposals of this character.

11. Dr. Van Kleffens also suggested the possibility that Australia might join with The Netherlands and Canada, though he had doubts about the wisdom of this, since the Australians so often put things to the Assembly the wrong way.

12. During lunch Dr. Van Kleffens said that he hoped Canada would be able to support The Netherlands for election to the Economic and Social Council. I said that we had made up a list of those countries we intended to support and that The Netherlands was on this list. I could not promise that there would not be changes in the list but I left Dr. Van Kleffens with the impression that there was little chance of The Netherlands coming off it.

512.

DEA/5475-BA-40

*Le conseiller, la délégation à l'Assemblée générale des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Adviser, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

SECRET

New York, November 12, 1946

Dear Mr. Pearson,

I enclose a copy of a draft paper on the Veto† which has been prepared by Sir Alexander Cadogan for possible communication to Mr. Molotov.

The United Kingdom delegation has to-day sent copies of this paper to Mr. J. V. Wilson (N.Z.), Mr. K. H. Bailey (Aus), Mr. K. P. S. Menon (Ind) and Mr. D. D. Forsyth (S.A.). We are to have a discussion about it with Cadogan in a day or so.

I also enclose three copies of the latest draft of our own paper on the same subject. We put the finishing touches on it to-day and I am sending it to the people to whom Cadogan sent his paper.

Mr. St. Laurent has copies of both papers.

Yours sincerely,

ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire de la délégation à l'Assemblée générale des Nations Unies*

*Memorandum by Delegation to the General Assembly  
of the United Nations*

SECRET

[New York,] November 12, 1946

RESOLUTION BY THE GENERAL ASSEMBLY ON PACIFIC SETTLEMENT  
BY THE SECURITY COUNCIL

Difficulties in the practical application of the provisions of the Charter relating to pacific settlement have prevented the Security Council from ful-

filling adequately the obligations imposed on it by all the Members of the United Nations. The experience of the past nine months has demonstrated that the provisions of the Charter relating to pacific settlement require clarification and that the procedures followed by the Security Council in dealing with the pacific settlement of disputes and situations require to be more closely defined. The approval by the General Assembly of a memorandum intended to assist in the process of clarification and definition would be of assistance to the Security Council.

THEREFORE

*The General Assembly* approves the annexed memorandum on pacific settlement by the Security Council, and requests the Security Council and the Members of the United Nations to give practical effect to the recommendations embodied therein.

[PIÈCE JOINTE/ENCLOSURE]

MEMORANDUM ON PACIFIC SETTLEMENT BY THE SECURITY COUNCIL

1. By Article 24 of the Charter, the Members of the United Nations have conferred on the Security Council primary responsibility for the maintenance of international peace and security and have agreed that, in carrying out this responsibility, the Security Council acts on their behalf. The Security Council is moreover required by Article 24 to act in accordance with the Purposes and Principles of the United Nations. The Charter has thus imposed on each individual member of the Security Council, permanent and non-permanent, the obligation to exercise its rights and responsibilities as a member of the Council not on behalf of its own special interests but on behalf of the United Nations as a whole. This applies to the votes which a member casts in the Security Council as well as to its other actions in the Council.

2. The special voting position in the Security Council of its permanent members imposes on each of them special responsibilities since failure by any one of them to concur in certain decisions supported by the requisite number of other members of the Council may prevent the Council from exercising its proper functions. In view of these special responsibilities, each permanent member is under an obligation to all the other Members of the United Nations not to use its special voting position wilfully to obstruct the work of the Council. Each permanent member should exercise its veto only in the interests of the United Nations as a whole. If a permanent member decides, after careful consideration, to exercise its veto, it should, before exercising it, state the grounds on which it bases its conclusion that the interests of the whole Organization require that it exercise its veto in this particular instance. Since the requirement of unanimity of the permanent members can be met only if the permanent members are willing to accept compromises, a permanent member should not veto a proposal on the ground that it does not go far enough.

3. In order that a permanent member may not have to veto a proposal which it feels it cannot actively support, the right of a permanent member to refrain from supporting a proposal, without by so doing exercising the veto, should be formally recognized. Therefore, a permanent member which, before a vote is taken, makes a statement to the following effect should be held to have cast an affirmative vote within the meaning of Article 27 of the Charter: "While I am not prepared to support this proposal, I am not prepared to prevent its acceptance if that is the desire of the majority. I am willing, in the circumstances, to have my position considered as constituting the degree of concurrence necessary in order that a decision may be reached."

4. All the Members of the United Nations have under Article 33 of the Charter undertaken that, if they are parties to any dispute the continuance of which is likely to endanger the maintenance of international peace and security, they will first of all seek a solution by negotiation, inquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice. The spirit of this undertaking applies to situations which might lead to international friction or give rise to a dispute. Therefore, when a State brings a dispute or a situation to the attention of the Security Council, it should submit in writing a preliminary statement setting forth the steps which have been taken by the states concerned to seek a solution by peaceful means of their own choice.

5. The Security Council ought not to be asked to consider frivolous complaints or complaints which do not appear to be brought in the bona fide belief that they involve disputes or situations likely to endanger the maintenance of international peace and security. Therefore, a state which brings a dispute to the attention of the Security Council should submit in writing a preliminary statement showing in what manner the continuance of the dispute is likely to endanger the maintenance of international peace and security. Similarly, a state which brings a situation to the attention of the Security Council should submit in writing a preliminary statement showing in what manner the continuance of the situation might lead to international friction or give rise to a dispute.

6. Apart from disputes brought to its attention under Article 38, the Security Council has the right to deal only with disputes or situations the continuance of which is likely to endanger the maintenance of international peace and security. The preliminary question to be settled therefore when a dispute or a situation is brought to the attention of the Security Council is whether the Council has jurisdiction to deal with the matter, that is to say whether the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security. In order to ensure orderly procedure, the early stages of the consideration of a dispute or situation by the Security Council should be directed towards settling the preliminary ques-

tion whether the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security. It may be necessary for the Council in these early stages to discuss the facts of the case and the claims and the counter-claims, but the purpose of this examination should be, not to arrive at a recommendation on the settlement or adjustment of the dispute or situation, but to decide the preliminary question of jurisdiction.

7. The primary responsibility of the Security Council for the maintenance of international peace and security was conferred on it by the Members of the United Nations to ensure prompt and effective action by the United Nations. Therefore once the Security Council has determined that the continuance of a dispute or situation is likely to endanger the maintenance of international peace and security, it is the responsibility of the Council to take prompt and effective action in accordance with paragraph 2 of Article 24, paragraph 2 of Article 33, paragraph 1 of Article 36 and paragraph 2 of Article 37. This responsibility can be discharged only if the Council without delay pursues one or more of the three courses of action set forth in these provisions of the Charter. It may pursue these courses in any order it sees fit. The three courses of action are (a) to remind the parties to a dispute of their undertaking to settle it by peaceful means of their own choice; (b) to call upon the states parties to a dispute or directly involved in a situation to adopt such particular peaceful means or methods of adjustment as the Council considers most likely to succeed; (c) to recommend terms of settlement to the parties to a dispute.

8. Under the proviso of paragraph 3 of Article 27 of the Charter, a party to a dispute shall abstain from voting in decisions under Chapter VI. This proviso would be rendered of no effect if a permanent member of the Security Council could veto a decision that a dispute exists or that it is a party to a dispute. Therefore decisions by the Security Council on whether a matter brought to its attention is a dispute or a situation, and decisions on which are the states parties to a dispute, should be deemed to be decisions on procedural matters within the meaning of paragraph 2 of Article 27. Similarly, all decisions by the Security Council leading up to determinations by it on the preliminary question of its jurisdiction to deal with a dispute or situation should be deemed to be decisions on procedural matters within the meaning of paragraph 2 of Article 27.<sup>1</sup>

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<sup>1</sup> Un texte quelque peu révisé fut présenté au Secrétaire général des Nations Unies par M. L. D. Wilgress le 30 novembre 1946. Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, première commission, annexe 10, pp. 348-51.

<sup>1</sup> A slightly revised text was presented to the Secretary-General of the United Nations by Mr. L. D. Wilgress on November 30, 1946. See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, First Committee, Annex 10, pp. 348-51.

513.

DEA/211

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 172

New York, November 13, 1946

IMMEDIATE. SECRET. ASDEL No. 114. Following for Pearson from Reid, Begins: Cadogan's draft paper of November 12th on the veto.

This paper was discussed this afternoon at a Commonwealth meeting. Cadogan explained that he considered a paper along these lines as only the first step and that if the Russians accepted it it would be necessary for the five Powers to present to the Assembly an expansion of the proposals made in the paper.

2. Those who were present at the meeting agreed with the wisdom of Mr. Bevin presenting a paper of this character to Mr. Molotov. Various suggestions were made for the revision of the paper which Cadogan said he would take into account in preparing a new draft for submission to Bevin. We shall receive the new draft and I shall send it to you immediately by teletype.

3. I put the point that great Power consultation under the first suggestion should take place only after full discussion in the Council in which each member had expressed its views and unanimity had not resulted. But Cadogan did not commit himself to accept this suggestion. In any event the language is capable of this construction. I supported an Australian suggestion that the sentence should end "in order to give effect to the preponderant opinion of the Council". Cadogan did not accept this precise wording but will put in something to meet this point.

4. I repeated our objections to the reference in the second suggestion to questions "of vital importance to themselves". I said that in our opinion this represented a retrograde step and suggested that the second sentence begin with "if there is not unanimity it might be agreed that the minority of the permanent members would refrain from using their veto except in the interests of the United Nations as a whole" and that a new sentence be added, "it is, of course, recognized that this principle would not apply to enforcement measures under Chapter VII". Cadogan was very disinclined to accept this. He believes that the United Kingdom might want to use the veto at some time under Chapter VI in defence of its own vital interests. Though he did not say so, I think the sort of case he has in mind is a demand from Ireland that Northern Ireland be transferred to them. Australia supported my stand, pointing out that even if the United Kingdom voluntarily relinquished the use of its veto under Chapter VI in defence of its interests, no recommendation could be made against it unless concurred in by all the other permanent members of the Council and the necessary number of non-permanent mem-

bers. I think it is likely that Cadogan will recommend to Bevin that the second suggestion be amended by striking out the words in line 4 "to themselves or".

5. Cadogan agreed that the words "in the first instance" in the fifth suggestion might give the impression that the Council should not first of all decide whether it had jurisdiction and said that he would make this point clear.

6. On the sixth suggestion I said that there was a strong argument for keeping the distinction between a dispute and a situation blurred in the hope that the Charter could in time be interpreted to mean that the States directly concerned in a situation lose their vote. Hasluck of Australia supported me on this and referred to a memorandum presented to the Security Council's Committee of Experts on procedure. This memorandum by Liang had argued that the proviso of paragraph 3 of Article 27 should be interpreted to mean that a State directly concerned in a situation should abstain from voting. I think Cadogan, who has never been convinced about the wisdom of defining a dispute, will withdraw this sixth suggestion.

7. The other suggestions were agreed to without discussion.

8. Cadogan reported that he had a talk this morning with Cohen and Herschel Johnson of the United States delegation and that the United States delegation were in general agreement with the strategy proposed by Bevin and that their suggestions were very much the same as those embodied in Cadogan's paper.

9. There was not time at the meeting to discuss our own draft resolution of November 12th on Pacific settlement by the Security Council.

10. The debate on the veto opens tomorrow. Meetings of the Committee will be held on Thursday, Friday and Saturday in the Committee room which has facilities for simultaneous interpretation. This means that the general debate on the veto ought to be completed by Saturday and that we will have to speak before the end of this week. The debate is going to cover the three items on the Committee's agenda which relate to the veto—the Australian resolution, and the two resolutions of Cuba, the first calling for a conference to eliminate the veto and the second asking that preparations be made for a conference to review the whole Charter.

11. The progress of the debate this week may indicate that we would be performing a useful service if we were to introduce a resolution along the lines of our draft of November 12th. We might introduce it ourselves or introduce it jointly with The Netherlands and perhaps one or two other countries. Since things will be moving fast towards the end of the week, it would be useful if you could find time to discuss this question with Mr. St. Laurent. Our resolution represents a constructive approach to the problem and can be reconciled with the Four-Power Declaration at San Francisco. Ends.

514.

DEA/5475-BA-40

*Déclaration du président, la délégation à  
l'Assemblée générale des Nations Unies<sup>1</sup>*

*Statement by Chairman, Delegation to the  
General Assembly of the United Nations<sup>1</sup>*

STATEMENT BY THE RIGHT HONOURABLE L.S. ST. LAURENT IN  
COMMITTEE I OF THE GENERAL ASSEMBLY, NOVEMBER 16TH, 1946 . . .

The Canadian delegation does not associate itself with any proposal for the calling at this time of a conference to amend the Charter. We believe that the Charter in its present form should be given a longer period of trial than one year. But the Canadian delegation *does* join in the demand voiced by so many other delegations that the veto be employed in future with restraint and in the interests of the United Nations as a whole. The Canadian delegation feels that it would be premature to call in question in this first session of the General Assembly the rule of unanimity set out in Article 27. What we do call in question is the manner in which that rule of unanimity has already been applied.

We have listened with great interest to this debate. It seems to us significant that no delegation has questioned the desirability of unanimity of the permanent members of the Council. Indeed, if only the permanent members could agree on matters of substance and work together the members of the United Nations would have grounds for rejoicing. All of us recognize that the peace of the world depends on whether or not the permanent members remain united in any serious international crises.

It has been argued in the debate that the members of the United Nations must choose either to accept the unqualified exercise of the veto by the Great Powers or, alternatively, to advocate the immediate amendment of the provisions of the Charter relating to the voting rules of the Security Council. That argument, I submit, is not in accord with the facts as they have been presented in several able speeches in this Committee, notably by the representative of Australia, nor is it in accord with the letter or spirit of the Charter.

First of all, it cannot be said that the exercise of the veto depends upon the mere discretion or will of each of the permanent members, since that discretion is already restricted by the terms of paragraph 2 of Article 27 of the Charter and by the second clause of paragraph 3 dealing with disputes to which one of the permanent members is a party.

It is moreover difficult to justify the charge that delegates are attempting to violate the Charter or are attacking the rule of unanimity, when they urge

<sup>1</sup> Pour le contexte dans lequel cette déclaration a été faite voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, première commission, vingt-deuxième séance, 16 novembre 1946, pp. 111-113.

<sup>1</sup> For the context in which this statement was made see United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, First Committee, Twenty-second Meeting, November 16, 1946, pp. 111-113.

that the permanent members of the Security Council should exercise their discretionary power of veto in a manner consistent with the Charter, that is to say, in a manner which will enable the procedures of the Security Council to operate instead of impeding or even preventing their operation. Such delegates want to achieve *in fact* that unanimity which has so often been lauded in principle, and which will never be achieved by the irresponsible use of the veto. The irresponsible use of the veto does not achieve unanimity; it is merely disunity writ large.

The Security Council was given primary responsibility for the maintenance of international peace and security in order to ensure *prompt and effective action* by the United Nations. But the experience of the past nine months can scarcely be said to have demonstrated that the Security Council would be capable under its present practices and procedures of taking prompt and effective action.

In the unsettled state of the world which is the inevitable aftermath of the war, situations or disputes may be expected to arise where it would be important that the Security Council should be capable of taking prompt and effective action for the maintenance of peace and security. In such circumstances we would all like to feel that the Council would be ready and able to take effective action promptly and not after a dispute or a source of friction had been fanned into a conflagration; that it would not wait until it is necessary to resort to force or until men, desperate from the frustration of waiting for a decision, might take whatever action they thought apt to serve their own interests.

None of us wish to see set in motion that chain of events which might lead to sanctions—that chain of events on which so much emphasis was laid in the statement of the sponsoring powers made at San Francisco. But still less do we want to see a chain of events set in motion which might lead to war. The Security Council was given by the Charter the responsibility of trying to adjust peacefully those international disputes and situations which unless peacefully settled might lead to war. If, through the use of the veto or for some other reason, the Security Council should be unable to act effectively as an agency of conciliation when occasion requires, the chances of war are increased. No one can disagree with the implication of the sponsoring powers statement that the members of the Security Council undertake a heavy responsibility when they agree to investigate a dispute or situation or to make recommendations on its settlement. But the members of the Security Council would undertake an even heavier responsibility if they should fail to investigate a dispute or situation the continuance of which was likely to endanger the maintenance of international peace and security.

This responsibility rests on all the members of the Security Council. It rests with particular weight on the five permanent members since failure by any one of them to agree with certain decisions supported by the requisite number of other members of the Council may prevent the Council from exercising its functions as the supreme agency of international conciliation.

Article 24 of the Charter states that the members of the Security Council in carrying out the primary responsibility of the Council for the maintenance of international peace and security act on behalf of all the members of the United Nations. The Council as a whole acts on behalf of all the members. Each individual member of the Council acts on behalf of all the members of the United Nations. Each individual member of the Council is under a treaty obligation to cast its votes and its vetoes not in defence of its own special national interests but in defence of the interests of the United Nations as a whole. If a permanent member decides, after careful consideration, to exercise its veto, it should, before exercising it, state the grounds on which it bases its conclusion that the interests of the whole organization require that it exercise its veto in this particular instance. Since the requirement of unanimity of the permanent members can be met only if the permanent members are willing to accept compromises, a permanent member should not veto a proposal on the ground that it does not go far enough.

We therefore join with other delegations in appealing to the permanent members of the Council to adhere scrupulously to the spirit and the language of the Charter and to refrain from using the veto except in the interests of the United Nations as a whole. We are confident that, if the permanent members take the view of their responsibilities which we suggest, the happy outcome will be that they will not find it necessary to use the veto except over measures of enforcement action under Chapter VII of the Charter.

We of course also trust that effect will be given to the clear intent of the proviso of paragraph 3 of Article 27. Under that proviso, a party to a dispute shall abstain from voting in decisions under Chapter VI. This proviso would be rendered of no effect if a permanent member of the Council could veto a decision that a dispute exists or that it is a party to a dispute. The language of the Charter is capable of no other construction. Therefore, the Security Council should work out agreed procedures to ensure that no State shall be judge in its own cause.

Furthermore, in order that a permanent member may not have to veto a proposal which it feels it cannot actively support, the right of a permanent member to refrain from supporting a proposal, without by so doing exercising the veto, should be formally recognized. Therefore, a permanent member which, before a vote is taken, makes a statement to the following effect should be held to have cast an affirmative vote within the meaning of Article 27 of the Charter: "While I am not prepared to support this proposal, I am not prepared to prevent its acceptance if that is the desire of the majority. I am willing, in the circumstances, to have my position considered as constituting the degree of concurrence necessary in order that a decision may be reached."

If the permanent members of the Council were to use their veto only in the interest of the United Nations as a whole, if the veto were not to apply to decisions by the Council on whether a dispute exists and on which States are parties to a dispute, and if a permanent member could refrain from supporting a proposal without by so doing exercising the veto, many of the

obstacles which have prevented the Security Council from becoming the supreme agency for international conciliation would disappear.

More, however, is required than this. The Charter contains, especially in its chapter on peaceful settlement, a number of unintentional obscurities which have led to honest differences of opinion between members of the Security Council on how the Security Council should go about its work of trying to settle peacefully international disputes and situations. It is not now possible without great difficulty, nor indeed is it necessary, to amend the Charter to remove the obscurities. It is, however, essential that the rules and practices of the Security Council be such as to carry out the intent of the provisions on peaceful settlement even though that intent is not always clearly expressed.

In the first place, the rules and practices of the Security Council should be based on the fact that all the members of the United Nations have undertaken that, if they are parties to any international dispute, they will seek a solution by peaceful means of their own choice so that the maintenance of international peace and security will not be endangered. Though this undertaking does not in precise terms apply to situations, certainly the spirit of the Charter means that, if members are directly involved in an international situation the continuance of which is likely to endanger international peace, they will seek an adjustment of that situation by peaceful means. They should do so before appealing to the Security Council, for the Security Council should be so majestic a body that it should be regarded as a court of last resort to be used only when all other possible peaceful remedies have been exhausted. Therefore, any State which brings a dispute or a situation to the attention of the Security Council should submit in writing a preliminary statement setting forth the steps which have been taken by the States concerned to carry out their obligation under the Charter to seek a solution by peaceful means of their own choice.

In the second place, the rules and procedures of the Security Council should be based on the fact that the Council's jurisdiction to deal with disputes and situations is limited. Apart from the special jurisdiction which may be conferred on it under Article 38 by all the parties to any dispute, the Council's jurisdiction is restricted to international disputes and situations likely to endanger international peace and security. It is not merely that the Council should not deal with frivolous disputes or unimportant situations. The essential limitation on the Council's jurisdiction is that it has not the right to deal even with serious disputes or situations so long as these do not endanger international peace and security. Therefore the early stages of the consideration of a dispute or situation by the Security Council should be directed towards settling the preliminary question whether the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security. It may be necessary for the Council in these early stages to discuss the facts of the case and the claims and the counter-claims, but the purpose of this initial examination should be, not to arrive at a recommenda-

tion on the settlement or adjustment of the dispute or situation, but to decide the preliminary question of its own jurisdiction.

It also follows from this that any State which brings a dispute or a situation to the attention of the Security Council should, in the written preliminary statement which it submits, show in what manner the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security.

In the third place, the rules and practices of the Security Council should be based on a recognition of the fact that the Security Council is under an obligation to deal with those disputes and situations which it has decided come within its jurisdiction. This obligation can be discharged only if the Council without delay pursues one or more of the three courses of action set forth in the relevant provisions of the Charter. It may pursue these courses in any order it sees fit. The three courses of action are (a) to remind the parties to a dispute of their undertaking to settle it by peaceful means of their own choice; (b) to call upon the States parties to a dispute or directly involved in a situation to adopt such particular peaceful means or methods of adjustment as the Council considers most likely to succeed; (c) to recommend terms of settlement to the parties to a dispute.

I have thought that, speaking towards the conclusion of this discussion, I might try to bring together as many specific suggestions as possible for improving the practices and procedures of the Security Council within the framework of the Charter as it is, even though some of these suggestions have already been put forward by other delegations. I put these suggestions forward in the hope that they may be of assistance to the members of the Security Council. They, I know, recognize as do the rest of us that difficulties in the practical application of the provisions of the Charter relating to pacific settlement have prevented the Security Council from fulfilling adequately the obligations imposed on it by all the members of the United Nations, that the experience of the past nine months has demonstrated that the provisions of the Charter relating to pacific settlement require clarification, and that the procedures followed by the Security Council in dealing with the pacific settlement of disputes and situations require to be more closely defined.

The remarks which I have made may be summed up as follows:

*First*

The Charter has imposed on each individual member of the Security Council, permanent and non-permanent, the obligation to exercise its rights and responsibilities as a member of the Council not on behalf of its own special interests but on behalf of the United Nations as a whole.

*Second*

If a permanent member decides, after careful consideration, to exercise its veto, it should before exercising it, state the grounds on which it bases its conclusion that the interests of the whole organization require that it exercise its veto in this particular instance.

*Third*

Since the requirement of unanimity of the permanent members can be met only if the permanent members are willing to accept compromises, a permanent member should not veto a proposal on the ground that it does not go far enough.

*Fourth*

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

*Fifth*

In order that a permanent member may not have to veto a proposal which it feels it cannot actively support, the right of a permanent member to refrain from supporting a proposal, without by so doing exercising the veto, should be formally recognized.

*Sixth*

When a State brings a dispute or a situation to the attention of the Security Council, it should submit in writing a preliminary statement showing in what manner the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security and setting forth the steps which have been taken by the States concerned to seek a solution by peaceful means of their own choice.

*Seventh*

The early stages of the consideration of a dispute or situation by the Security Council should be directed towards settling the preliminary question whether the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security.

*Eighth*

Once the Security Council has determined that the continuance of a dispute or situation is likely to endanger the maintenance of international peace and security, there is an obligation on every member of the Council to see that prompt and effective action is taken by the Council in accordance with the relevant provisions of the Charter.

**515.**

DEA/211-C

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

TELEGRAM CIRCULAR D. 1057

London, November 20, 1946

SECRET. My telegram Circular D. 933 of 15th October, voting in Security Council.

As you will be aware, discussions have taken place at New York between the British Commonwealth delegations about the line to be taken on the

veto. My immediately following telegram contains text of memorandum communicated by Foreign Secretary confidentially to the representatives of the United States, Soviet Union, France and China as a suggestion of kind of thing which would meet wishes of majority of delegations.

516.

DEA/211-C

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1058

London, November 20, 1946

SECRET. Voting in Security Council.

My immediately preceding telegram. Following is text referred to, Begins:

It must be recognized that the use of the "veto" in the Security Council in recent months has called forth almost universal criticism from members of the United Nations.

United Kingdom Government themselves are amongst the first to admit the necessity for the maintenance of unanimity amongst the Great Powers. But the manner in which the "veto" has often been used takes no account of unanimity and its constant use in this way makes achievement of unanimity all the more difficult.

There can probably be no question of amending the Charter at this stage, but are there not some things that could be done to avoid, in practice, the situations that have given rise to so much criticism? For instance:

(1) The Powers possessing the right of "veto" might agree amongst themselves to consult each other, where possible, before a vote is taken if their unanimity is required to enable the Council to function effectively.

(2) If there is not unanimity it might be agreed that the minority of the permanent members, mindful of the fact that they are acting on behalf of all the United Nations, would only exercise the "veto" where they consider the question of vital importance to the United Nations as a whole and they would explain on what grounds they consider this condition to be present.

(3) The permanent members might agree that they will not exercise their "veto" against a proposal simply because it does not go far enough to satisfy them.

(4) The permanent members might agree to advocate rules of conduct for the Security Council providing that questions are only brought before the Security Council after other means of settlement have been tried and must then be presented in proper form to the Council.

(5) The permanent members might agree to support the establishment of further rules of procedure for the conduct of the Security Council's business, e.g., for the consideration of any question, the Council should appoint a

rapporteur, or a Committee of some of its members to make a further attempt at conciliation before resorting to the final discussion and voting.

(6) It might facilitate the work of the Security Council and ensure that the Charter is properly applied, if a formula could be devised on which all could agree for the definition of a "dispute".

(7) It would be of great advantage if it were possible to provide by some means that a permanent member could abstain from voting without automatically vetoing the proposal. Similarly the mere absence of a permanent member should not have the effect of a veto. Ends.

See my immediately following telegram.†

517.

DEA/211-C

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

TELEGRAM CIRCULAR D. 1084

London, November 25, 1946

My telegrams Circular D. 1057 to 1062.<sup>1</sup> Voting in the Security Council.

Five-Power meeting took place in New York on 23rd November. Mr. Molotov was in the Chair.

2. M. Molotov said that there were two matters for discussion,

- (1) Possibility of revising Charter, and
- (2) Methods of applying procedure in Security Council.

As to (1), no permanent member suggested revision. Still, question had been raised in General Assembly and latter should "react against it", and reject any such proposal as "untimely". As to (2), Soviet view was that any proposal to elaborate existing Rules of Procedure in Security Council should be opposed. It was impossible to base relations between countries, and especially between Great Powers, on technicalities and formalities. On substance of proposals submitted, he considered in first place that no permanent member of Security Council had applied veto improperly. It was very undesirable to "foment passions" on this subject because they would be harmful to all—not only to the Soviet Union. Indeed, it might "tend to restrict the freedom of action of any Great Power in Security Council and in particular its right to express itself freely". This indicated that it was a mistake to tighten up Rules of Procedure either in Security Council or in any other organ of United Nations. He then read out a draft resolution which, he suggested, should be put forward in Committee No. 1. (Text in my immediately following telegram) †.

<sup>1</sup> Seulement D. 1057 et D. 1058 sont reproduits.

<sup>1</sup> Only D. 1057 and D. 1058 are printed.

3. Foreign Secretary said United Kingdom has no intention of suggesting revision of Charter. We did not necessarily want more rules and regulations; what we wanted was a Code of Behaviour as between the Big Five designed to increase confidence. So much depended on successful working of Security Council that this seemed a legitimate ambition. In working out its future policy, United Kingdom Government had to consider whether they could trust it or not. He had thought that the consultation which he had suggested might enable him to tell the British people that they could not build securely on Security Council. To this end, it was necessary to improve atmosphere in which Security Council worked. M. Molotov's draft resolution, however, did not help. All that could now be done was to explain positions of each member in Committee No. 1 and leave decision to Assembly. In reply to an intervention by M. Molotov, Foreign Secretary said that form of Soviet resolution did not matter. It was evident that it did not deal with difficulties which had been raised by United Kingdom and other permanent members. Nor did it provide hope for the better organization of work of Security Council.

4. Mr. Byrnes said that, as was known, United States were against a revision of Charter but sympathized, nevertheless, with view of smaller States that Great Powers had, in fact, exercised their veto privilege in a manner which had never been dreamed of by those who signed Charter at San Francisco. There was clearly a serious misunderstanding between permanent members as to how the veto should be exercised. For their part, United States believed that it should only be applied in connection with enforcement measures. If declaration to that effect could now be made, criticism of veto would be allayed; but if it could not, statement on lines proposed by M. Molotov would be worse than nothing.

5. M. Parodi supported Mr. Byrnes. It was true that M. Molotov's draft involved an important issue, namely, general collaboration of States members. But it was much too vague and general. Veto had already caused great emotion in General Assembly. Submission of M. Molotov's draft would only poison atmosphere. In any case, proposals which had been circulated by other permanent members were not, repeat not, designed to increase formalities. On contrary they tended to reduce them and to make conduct of business more flexible.

6. Doctor Koo insisted that some Rules of Procedure might suitably be added to those already existing, notably in regard to other questions which might be decided by a procedural vote.

7. M. Molotov still pressed his draft resolution, particularly part of it which condemned revision of Charter. He said that Soviet Government also had not "complete confidence" in Security Council. They thought it had operated against them in case of Persia and generally speaking atmosphere in Council had been "one sided".

8. It was agreed that each of the Five Powers should be free to submit whatever resolutions it liked in General Assembly.

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CH/Vol. 2105

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

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

DESPATCH 1971

Ottawa, November 25, 1946

SECRET

Sir,

I have the honour to enclose, for your information, two copies of a memorandum which has been prepared in the Department summarizing the policy of the Canadian Delegation to the General Assembly in regard to the discussion of the veto question. You will be aware that since this memorandum was written the veto question was considered by the Big Five in New York with a view to arriving at some agreed limitation of the use of the veto power. These discussions have now broken down and the matter will, therefore, be considered again in the Assembly.

I have etc.

R. G. RIDDELL  
for the Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de la première direction politique<sup>1</sup>*

*Memorandum by First Political Division<sup>1</sup>*

SECRET

[Ottawa,] November[n.d.], 1946

MEMORANDUM ON THE VETO QUESTION

SUMMARY OF DEVELOPMENTS AT THE GENERAL ASSEMBLY  
UP TO 20 NOVEMBER, 1946

1. The question of the veto has been constantly under consideration by the Canadian delegation in New York. In general the subject has been approached in two ways. On the one hand there have been efforts to secure the adoption by the Assembly of a resolution calling upon the members of the Security Council to adopt rules limiting the use of the veto. The other approach has been to suggest that the permanent members of the Security Council might agree among themselves to restrict the application of the veto power.

2. A draft resolution on the pacific settlement of disputes by the Security Council was prepared by Mr. Reid on November 4th. This resolution,

<sup>1</sup> De J. G. H. Halstead.

<sup>1</sup> By J. G. H. Halstead.

which it was envisaged might be presented to Committee One for ultimate approval by the General Assembly, was aimed at clarifying, within the present Charter, the rules of procedure involved in Chapter Six concerning the pacific settlement of disputes. The main points of this resolution were:

(a) The states bringing a dispute or a situation to the attention of the Security Council should be required to present a detailed statement in writing showing how the continuance of the dispute is likely to endanger peace, and what steps the states concerned have taken to reach a peaceful solution.

(b) The dispute or situation should be placed on the draft Agenda by the Secretary-General.

(c) A specific definition for a dispute or situation and for a party to a dispute should be adopted.

(d) The determination of whether the continuance of the dispute or situation is likely to endanger peace should be the first step taken by the Security Council.

(e) If a threat to peace is established, the dispute or situation should be placed by the Secretary-General on the Agenda without a vote.

(f) The next step should be the adoption by the Security Council of one or more of three possible recommendations.

(g) Specific definitions of procedural matters under Article 27 should be adopted.

(h) The abstention of a permanent member should not constitute a veto.

3. Sir Alexander Cadogan of the United Kingdom delegation drew up on November 7th a draft memorandum on the veto. It was intended that the Commonwealth delegations should discuss this draft and formulate a revised memorandum which could be discussed privately by Mr. Bevin and the leaders of the delegations of the other great powers, and then could be announced publicly and presented in Committee one. The main points of this memorandum were:

(a) No amendment of the Charter was possible at this time.

(b) The failure has been the mis-use of the veto when a great power has blocked a proposal simply because it was not pleasing to that power.

(c) The origin of the veto is in the acknowledgement of the fact that no great power could be expected to accept an adverse decision on a matter which it held to affect its vital interests.

(d) A possible remedy would be agreement between the five great powers on rules of conduct, so that the veto would be used only in defence of a great power's vital interests, and would be accompanied by a statement of the grounds on which those interests were involved.

(e) Abstention by a great power should not constitute a veto.

(f) Rules of procedure for the conduct of a case by the Security Council should be adopted which include the definition of a dispute, and would

require a preliminary statement in writing by a state bringing a dispute or situation to the attention of the Council.

(g) Agreement is necessary among the great powers on the legitimate exercise of the veto, on the right of abstention, on the proper form for presenting a case to the Council, on the procedure for handling a case in the Council, and on the definition of a dispute.

4. The opinion of the Canadian delegation on Sir Alexander Cadogan's memorandum was that it did not constitute a useful basis for discussion between Mr. Bevin and the representatives of the other great powers, and was a retrograde step from the position taken by the United Kingdom at San Francisco. The statement of the origin of the veto (point (c) of the preceding paragraph) was considered to be particularly bad, and was in contrast to the statement by Senator Connally of the United States that the veto should only be used to serve the interests of the United Nations as a whole. Our delegation was also doubtful of the advantage of giving an exact definition to a dispute, since in the view of Mr. Johnson of the United States State Department it would be better to blur the distinction between a dispute and a situation, in the hope that the usage would develop of barring a party to a situation as well as a party to a dispute from voting.

5. On November 8th a meeting of the Commonwealth delegations was held under the chairmanship of Mr. Bevin, at which Sir Alexander Cadogan's memorandum was discussed. A sub-committee was formed to revise this draft in the light of the criticisms voiced by Canadian and the other Commonwealth countries. Mr. St. Laurent advocated incorporating into the revised memorandum the liberal view-point expressed by Senator Connally. It was agreed that Mr. Bevin's strategy should be to approach Mr. Molotov after the debate on the veto in Committee One had progressed, but before any resolutions of substance were voted on, and to suggest to him that the great powers should agree on a code of conduct for the Security Council. Mr. Bevin was very hesitant to seek prior agreement with the United States, for fear that Mr. Molotov would accuse him of "ganging up". Although Mr. St. Laurent expressed the Canadian delegation's disapproval, the Australian delegation announced that they were determined to present independently a resolution which they had drafted, though they agreed that they would not press it to a vote if circumstances appeared unfavourable.

6. Mr. Reid discussed his draft resolution of November 4th with Mr. Johnson of the United States and Mr. Van Kleffens of The Netherlands, and incorporated some of their suggestions in a revised draft. Mr. Johnson expressed his uncertainty as to the wisdom of attempting at present to clarify the meaning of Chapter Six on the pacific settlement of disputes. He thought that mistakes might bring their own remedy. He was not in favour of exact definition for a dispute as distinct from a situation, and he considered it would be extremely difficult to obtain Soviet acceptance of the definition of procedural matters contained in Mr. Reid's draft. The wording of the paragraph dealing with the preliminary question of establishing the Security

Council's jurisdiction to deal with a dispute (point (d) of paragraph 2 above) was ambiguous to Mr. Johnson, and the paragraph was re-worded to make it clear that this preliminary question did not involve an immediate vote by the Council, but was rather intended as a guide to the purpose to which the Council's discussions should be directed. Mr. Johnson was in favour of the provision that abstention by a great power should not mean a veto.

7. In discussing Mr. Reid's draft, Mr. Van Kleffens suggested that there should be two stages in the preliminary examination of a dispute or a situation. The first decision should be on whether there is a case brought before the Council in good faith; if there is, the matter should be moved from the draft Agenda to the Agenda. The second stage should be the discussion of whether there exists a threat to the peace. Mr. Van Kleffens considered that a vote should be required to put a matter on the Agenda. He was not satisfied with the definition of a dispute contained in Mr. Reid's draft, and presented a memorandum which he had prepared containing definitions of a question, a dispute and a situation. In his opinion, a dispute should involve a stated claim and a denial of that claim, either express or implied. He was also not satisfied with the few examples of procedural matters contained in Mr. Reid's draft (point (g) of paragraph 2 above), and thought that more examples should be added. He assured Mr. Reid that the Netherlands delegation was ready to join with the Canadian delegation in presenting these proposals to the Assembly, but he was told that it had not yet been decided whether it would be desirable to present them before consultation between the great powers had taken place.

8. On November 12th, Australia submitted its resolution advocating a restriction of the veto to Chapter Seven of the Charter.

9. On the same day, the revision of Sir Alexander Cadogan's draft memorandum was circulated to the Commonwealth delegations for later discussion. The main points covered in this revision were:

(a) Before the possible exercise of the veto, there should be consultation among the great powers.

(b) If unanimity cannot be reached, it should be agreed that the veto should be used only if the question is of vital importance to one of the great powers or to the United Nations as a whole.

(c) The veto should not be used against resolutions which are not considered extensive enough.

(d) A question should be presented to the Security Council in the proper form only after other methods of settlement have been tried.

(e) A rapporteur should be appointed before the consideration of a question by the Council.

(f) A formula should be adopted defining a dispute.

(g) A great power should be allowed to abstain without exercising a veto.

10. This version of Sir Alexander Cadogan's memorandum was discussed the next day at a Commonwealth meeting, and it was agreed that suggestions

for revision should go into a new draft to be prepared for Mr. Bevin. The Canadian delegation still objected to making questions of vital importance to a great power a valid reason for that power exercising the veto (point (b) of paragraph 9 above). We also objected to drawing up a formula for a dispute (point (f) of paragraph 9 above). We advocated that consultation between the great powers should take place only after full discussion in the Security Council.

11. In the meantime, Mr. Reid had revised his original draft resolution of November 4th, and had drawn up a resolution for possible presentation to the Assembly in which the Assembly would approve a memorandum on peaceful settlement by the Security Council, and would request the Security Council to give practical effect to the recommendations embodied therein. These recommendations were:

(a) Each member of the Security Council carries the obligation to vote not on behalf of its own special interests, but on behalf of the United Nations as a whole.

(b) The veto should not be used against measures which do not go far enough, and the exercise of the veto should be accompanied by a statement of the reason for its use.

(c) A great power should be able to abstain without exercising a veto.

(d) The presentation of a question to the Security Council should be accompanied by a preliminary statement in writing on the steps already taken towards solution of the situation, and on the way in which the situation or dispute is a threat to the peace.

(e) The preliminary question in the consideration of a matter should be the jurisdiction of the Council to deal with the matter, i.e., whether the dispute or situation is a threat to the peace.

(f) If this threat is established, it is the responsibility of the Council to take prompt and effective action of three possible kinds.

(g) Decisions on whether a matter is a dispute or a situation, and decisions on the preliminary question of jurisdiction should be procedural.

12. On November 14th, 15th and 16th, the general debate on the veto in Committee One covered three items: the Australian resolution, and two resolutions by Cuba, one to call a conference to eliminate the veto, and the second, to call a conference to review the whole Charter. The debate was opened by Mr. Hasluck of Australia, and he voiced his country's concern about the best way of ensuring that the Security Council work within the present Charter. He advocated moderation in the exercise of the veto, increased consultation and mutual accommodation among the permanent members of the Security Council, and the development of recognized procedures under which the Council would discharge its duties. New Zealand, Belgium and El Salvador referred in their speeches to the necessity of enabling a great power to abstain without exercising a veto. There was implicit in the speeches by Australia, New Zealand and Belgium an appeal for an agreed statement by the

five permanent members of the Security Council. The United States representative affirmed that the unanimity of the great powers was essential. He advocated the inclusion of a complete list of procedural questions in the Security Council's rules of procedure. Although he considered favourably a restriction of the veto to Chapter Seven of the Charter, he thought that this step should be considered first by the permanent members. As was to be expected, the Soviet representative defended the past use of the veto, particularly in the questions of Syria-Lebanon and Spain, and claimed that the absence of Mr. Gromyko during consideration of the Iranian question did not constitute a use of the veto.

13. On the morning of November 16th, Mr. St. Laurent delivered the Canadian statement on the veto question. This statement opposed the calling at this time of a conference to amend the Charter, but voiced the widespread demand that the veto be employed in future with restraint and in the interests of the United Nations as a whole. The statement concluded with an eight-point summary of specific suggestions for improving the practices and procedures of the Security Council within the present framework of the Charter. The draft resolution prepared for possible approval to the Assembly (paragraph 11 above) was not presented by Mr. St. Laurent at this time on the grounds that the most useful approach appeared to be consultation and prior agreement among the permanent members of the Security Council concerning restriction of the use of the veto.

14. On November 15th, prior to Mr. St. Laurent's speech in Committee One, a revised memorandum was communicated confidentially by Mr. Bevin to the representatives of the other four great powers, "as a suggestion of the kind of thing that could be done to meet the obvious wishes of the great majority of delegations". After conceding the necessity of unanimity among the great powers, and stressing the obstacle to the achievement of this unanimity that the past use of the veto had constituted, the memorandum went on to outline seven suggestions for improvements that might be made within the framework of the present Charter. These suggestions were:

(a) The great powers should hold prior consultation when unanimity is required.

(b) If unanimity is not reached, the veto should only be exercised when a great power considers the question of vital importance to the United Nations as a whole, and should state the grounds for this consideration.

(c) The veto should not be exercised against a proposal simply because it does not go far enough.

(d) Rules of conduct for the Security Council should be agreed upon which provide that questions are brought before the Council only after other means of settlement have been tried, and must then be presented in proper form.

(e) Further rules of procedure for the conduct of the Security Council's business might be adopted, such as the appointment of a rapporteur or committee for the consideration of the question.

(f) A formula for the definition of a dispute should be devised.

(g) Abstention by a permanent member should not constitute a veto.

The points contained in this memorandum are almost identical to the previous draft of November 12th (paragraph 9 above). Improvement has been made in point (b), with the submission of questions of vital importance to a great power, but the insistence on a formula for the definition of a dispute (point (f)) still remains.

15. At a meeting of the Commonwealth delegations on November 18th, Mr. Bevin reported that this memorandum of November 15th was to be the basis of discussion of a meeting of the five great powers the same day. Mr. Molotov had told Mr. Bevin that he did not want more rules for the Security Council, but Mr. Bevin replied that what was required was a code of conduct which would place the Security Council in the position of prestige which it should occupy. Mr. Bevin hoped that the great power discussions would make clear whether the U.S.S.R. did, in fact, desire to make the Security Council work or not. On this depended, to a large extent, the implementation of any disarmament proposals. Mr. St. Laurent pointed out the danger of point (e) of the memorandum slowing up the Security Council's procedure.

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W.L.M.K./Vol. 412

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 304

New York, December 2, 1946

IMMEDIATE. SECRET. ASDEL No. 206. Following for Pearson from Reid, Begins: Veto.

1. My immediately following telegram† contains the text of the draft Resolution submitted by the U.S.S.R. delegation at the meeting of the First Committee, Sunday 1st December.<sup>1</sup> The debate on the veto was resumed yesterday. On the suggestion of Kaufmann (Denmark), supported by Poland and China, the Committee decided by a vote of 33 to 8 to appoint a Drafting Sub-Committee to consider the six Resolutions now before the Committee and to prepare a Resolution which might be acceptable to a majority. We voted for the appointment of the Sub-Committee. Manuilsky named the five permanent members of the Security Council, Australia, Peru, Argentina, Cuba, the Philippines (the countries which had proposed the Resolutions) and Poland, Denmark, India and Venezuela. This Sub-Committee will meet today.

<sup>1</sup> Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale, première commission, annexe 7g, p. 328.*

<sup>1</sup> See United Nations, *Official Records of the Second Part of the First Session of the General Assembly, First Committee, Annex 7g, p. 328.*

2. Hasluck (Australia) opened the discussion with a review of the Australian Resolution in its present form (the text of this Resolution was given in my ASDEL No. 198 of the 29th November).† He said:

“The Canadian delegation has circulated a very useful paper developing its ideas on this subject. The Australian delegation had it in mind to elaborate its own suggestions in this field, but in view of the pressure of work on the Assembly will content itself with stating that the suggestions made by the representative of Canada come very close to our own views, and, in our opinion, are deserving of the closest and most careful consideration of the Security Council. At this stage, we do not ask—and we understand that no other delegation asks—the Committee to adopt any detailed recommendation, but simply propose that the General Assembly should recommend to the Security Council that it give attention to this phase of the question and that in doing so it should take into consideration the various statements which have been made in the course of the present debate.”

Shawcross opened his remarks by saying:

“The United Kingdom find themselves in general agreement with the Canadian proposals and we support them.”

Connally remarked to Wilgress after the meeting:

“We liked the Canadian memorandum very much. There were some things we could not support; but, on the whole, it was very good.”

Van Langenhove (Belgium) also remarked after the meeting that they agreed with our memorandum, and would like to have spoken in support of it but that he had specific instructions from his delegation not to prolong the debate by intervening in it.

3. Belt (Cuba), in support of his Resolution to call a Conference for revision, referred to the “pessimism” caused by Vyshinsky’s insistence, in the discussion on disarmament, that regulation be subject to the control of the Security Council. He also asked that the two paragraphs of his Resolution (A/C.1/49/REV.1) be voted on separately.

4. Shawcross’ speech was most conciliatory to the Soviet Union. He gave the text of the seven suggestions contained in Bevin’s letter of November 15th to the other permanent members (the text of this letter was given in my ASDEL No. 133 of the 18th November).†

5. Vyshinsky took particular exception to the second paragraph of the revised Australian Resolution (referring to the applications of the veto in the past) as a reflection on the report of the Security Council before that report was under consideration by the Committee. He also made a heated attack on the Cuban attempt to revise the Charter, pointing out that most other delegations, among them Canada, had not insisted on this point. He characterized the United Kingdom suggestions as “pious and feeble.” He said the U.S.S.R. had never had any objection to consultation and that it had always given explanations of its votes. He referred to all the suggestions made to the Committee as attempts to “restrict unanimity.”

6. The atmosphere of the discussion was conciliatory.

7. Had the Soviet Resolution been pressed to a vote, we would have voted for it and it would probably have been adopted almost unanimously. It seems likely that paragraph 2 of the Australian Resolution would have been defeated and the Australian Resolution with this paragraph deleted would have been carried. We were prepared to vote for the Australian Resolution in its entirety.

8. The Australians still appear to be under instructions to press their Resolution to a vote. Hasluck is angered by the decision to appoint a Sub-Committee, especially since it is loaded against him. He will probably bring back his Resolution unamended as a minority report.

#### PARTIE 4/PART 4

### CONSEIL ÉCONOMIQUE ET SOCIAL ECONOMIC AND SOCIAL COUNCIL

520.

DEA/5475-B-40

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

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

TELEGRAM 286

London, January 31, 1946

IMMEDIATE. Following from Wrong, Begins: Economic and Social Council.

1. The Economic and Social Council has now held two meetings, in the course of which most of the delegations have made general statements defining their attitude to the Council.

2. Our statement<sup>1</sup> stressed the following points:

(a) The importance Canada attaches to this phase of the work and our willingness to contribute constructively to overcoming obstacles to co-operation.

(b) The necessity of avoiding any special prerogatives for the Great Powers in the Economic and Social Council.

(c) The importance of giving thorough consideration to the Commission and Committee structure of the Council, and

(d) The avoidance of either excessive centralization or decentralization on the part of specialized agencies. This point was stressed because it seemed

<sup>1</sup> Voir Nations Unies, Conseil économique et social, *Procès-verbaux officiels*, première année, première session, deuxième réunion, 29 janvier 1946, pp. 25-30.

<sup>1</sup> See United Nations, Economic and Social Council, *Official Records*, First Year, First Session, Second Meeting, January 29, 1946, pp. 25-30.

to us that the United Kingdom delegate was putting forward an excessively centralist view of the relationships.

3. In connection with point (c) above, the position is that the Assembly has adopted the recommendation of the Preparatory Commission, which provides that the Economic and Social Council should, at its first session, set up five Commissions, namely, Human Rights, Economic and Employment, Temporary Social, Statistical, and Narcotic Drugs. The Economic and Social Council is also at this session to give consideration to the establishment of Demographic, Temporary Transport and Communications, and Fiscal Commissions. We suggested that the nomination of members of commissions might, with advantage, be held over in order to give time to explore the possibilities and decide who are the best qualified people. No decision has yet been taken regarding the size of the Commissions. We also questioned the wisdom of the preparatory Commission recommendation that a majority of the members of the Commission should be Government representatives, while agreeing that they probably should be Government officials nominated by the Council in their individual capacities.

4. The Council will appoint small Committees to consider its rules of procedure and the organization of the Secretariat, and will resolve itself into a Committee of the whole to consider:

- (a) Its own organization, i.e., question of Commissions and Committees.
- (b) Relations with specialized agencies, and possibly
- (c) Relations with non-Government institutions.

5. The first meeting of the Committee on Organization was held yesterday and we again put forward the case for deferring the establishment of the main Commissions, while saying that we might immediately establish a small ad hoc expert body on the urgent problems of economic and social reconstruction.

6. This view received considerable support, particularly from the United States, Russian and Chilean delegations, but it is unlikely to be adopted, as Mudaliar seems strongly opposed to giving the appearance of delay, and we are not inclined to press in face of determined opposition from him.

7. In these circumstances, we may be called upon to decide who shall be named as members of the first five Commissions mentioned in paragraph 3 above, and possibly the others. Could you let us know by Monday to which of these Commissions, in order of preference, you consider it desirable that a Canadian should be named, and also the name of the Canadian you think we should put forward in each case. He can be either a Government official or an outside expert. Ends.

521.

DEA/5475-BQ-40

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

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

TELEGRAM 295

Ottawa, February 2, 1946

IMMEDIATE. Your telegram No. 286 of January 31st. Following for Wrong, Begins: Economic and Social Council.

We are in agreement with the attitude you have taken in asking that the establishment of main Commissions of Economic and Social Council be deferred until more is known regarding location of these Commissions and duration of their sittings.

2. You indicate, however, that the prevailing feeling in the Council is that it would be unwise to give appearance of delay. Perhaps an ad hoc arrangement could be agreed upon to have organizational meetings of Commissions in London and await transfer of these bodies to temporary site of U.N.O. headquarters before making final arrangements. I agree that in addition an expert ad hoc body might be set up by Council to consider pressing problems of economic and social reconstruction. Canadian representation for these bodies will have to be drawn from whoever is available in London for this purpose.

3. As regards Canadian interest in the Commissions to be set up we would certainly desire participation in Economic and Employment Commission. In view of our contribution in the narcotics field under the League, it would also seem desirable to have representation on the Narcotic Drugs Commission.

4. Canadian membership on standing Commissions of the Economic and Social Council would require to be at least on the same level as our membership in standing technical Committees of the League. It is impossible to say who would be available for U.N.O. Commissions until we know where they are to be located. Moreover Canadian nominations would require authorization by Order in Council and you will appreciate that it will not be possible to put forward specific names now, as suggested in the last paragraph of your telegram. Ends.

522.

DEA/5475-B-40

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

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

TELEGRAM 312

London, February 3, 1946

IMMEDIATE. ASDEL No. 46. Following from Wrong, Begins: Economic and Social Council.

1. At today's meeting of the Committee on organization of the Economic and Social Council Mudaliar referred to the strength of the arguments we have made for taking time to consider personnel of Commissions and proposed:

(a) That Commissions should now be established with one-year term instead of three-year term, and

(b) That they should be of a nuclear character confined to a few experts nominated in their individual capacity and instructed to advise the Council on organization of their work and on names which should be added or countries which should be invited to nominate experts in order to ensure proper representative character.

We welcomed this proposal, which was also supported by others, but Russian attitude is not yet clear and matter will come up for discussion again on Monday. Meanwhile, suggest you give information requested in paragraph 7 of our telegram dated 31st January on Economic and Social Council.

2. The United States initiative re Economic and Social Council sponsoring the International Trade and Employment Conference, is likely to come before the Council early next week. The proposal is:

(a) That a Preparatory Commission be constituted to elaborate an annotated draft agenda, the major chapters of which are to be those of the United States document. The members of the Commission are to be the 15 nuclear countries plus two other countries members of the Economic and Social Council designated by the Council (the Americans tell us privately that they would like to see Chile and Norway designated). A representative of the Secretariat is to participate in meetings of the Committee.

(b) The President of the Economic and Social Council is requested to confer with members of the Council and the Secretary General in order to make recommendations to a subsequent session of the Council regarding what States, if any, not members of the United Nations should be invited.

3. Another substantive question to come before the Economic and Social Council is the Polish resolution on reconstruction of countries devastated by the war which has been referred to the Council by the Assembly today to be dealt with as an urgent matter. The resolution does not call for any

definite action by the Council, but it is likely that proposal will be made to set up an ad hoc Committee on urgent problems of economic and social reconstruction.

4. Chinese are sponsoring a resolution approving an International Conference of the United Nations to consider appropriate machinery for international action in the field of health.

5. Finally, the question of refugees will be referred to the Economic and Social Council by the Assembly.

6. We assume that you will wish us to support warmly the United States proposal on Trade Conference and also to support the establishment of effective international machinery for dealing with the problems mentioned in paragraphs 3, 4 and 5 above. We would appreciate receiving any special instructions on these matters as soon as possible. Ends.

523.

DEA/5475-BQ-40

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

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

TELEGRAM 317

London, February 3, 1946

IMMEDIATE. ASDEL No. 51. Following from Wrong, Begins: Thanks for your telegram No. 295 of February 2nd. Economic and Social Council.

1. Sorry our failure to explain in more detail the position regarding membership on Commissions has resulted in some confusion.

2. The Commissions are to be continuing bodies composed of experts and will meet periodically like the League Committeees and not sit permanently.

3. The Preparatory Commission recommended that the majority of the members should be Governmental representatives but that there should also be individual nomination of experts by the Council. We have expressed doubts regarding selection of experts by Governments preferring that members should be named as individuals by Council after consultation with Governments in the case of officials. This point has not yet been decided.

4. In any case a Canadian might be chosen in his personal capacity as a member of Commission either under the Preparatory Commission's recommendation or under Mudaliar's suggestion reported in our telegram ASDEL No. 46 of February 3rd. It was with this possibility in mind that we requested advice regarding names we might suggest informally.

5. We would still consider it helpful if you felt it possible to say what Canadian should be suggested if we are asked to propose someone to be nominated by Council in his personal capacity on Economic and Employment Commission. He could, but need not be a Government official.

6. If this situation arises regarding Narcotics Commission we shall assume that Sharman's name should be put forward unless you advise to contrary. Ends.

524.

DEA/5475-B-40

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

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

TELEGRAM 315

Ottawa, February 4, 1946

IMMEDIATE. ASDEL No. 21. Following for Wrong, Begins: Your ASDEL 46, Economic and Social Council.

1. Regarding the nomination of experts to Commissions, Mackintosh<sup>1</sup> would be an obvious suggestion for nomination on a personal basis by the Council for Economic and Employment Commission and Sharman for the Narcotics Commission. I propose to discuss the matter with them and I shall reply separately to your ASDEL 51.

2. Regarding the United States proposal that Economic and Social Council should sponsor International Trade and Employment Conference, I think you should give strongest possible support to United States initiative in this matter. It was evident in our recent discussions with State Department officials, of which we informed you, that one of the most difficult aspects of proposed preliminary trade talks was ensuring the acceptance by non-nuclear countries of any agreements that might be reached by the fifteen participating nations. If the Economic and Social Council approves the preliminary arrangements by the United States and designates the fifteen nuclear countries as constituting the Preparatory Commission as proposed by the United States delegation, it would remove possible objection to the preliminary Conference on the grounds of its exclusive character. While we would prefer the preliminary group to remain at fifteen because of practical negotiating difficulties, nevertheless if the inclusion of a few other States would result in sponsorship being accepted by the Economic and Social Council it would be worthwhile extending the number of participating countries. If it appears likely that the additions will exceed the two mentioned in your telegram it might be worth considering an arrangement whereby the countries added to the group would participate in the non-tariff discussions only. It appears to us that the limitation of the group to fifteen when tariff concessions are being negotiated is justifiable on practical grounds but there is much to be said on broader representation when non-tariff matters are being considered.

<sup>1</sup>W. A. Mackintosh, le directeur général, le service des recherches économiques, le ministère de la Reconstruction et des Approvisionnements.

<sup>1</sup>W. A. Mackintosh, Director General, Economics Research Branch, Department of Reconstruction and Supply.

3. We agree that you should give support to the establishment of effective international machinery for dealing with the matters referred to in paragraphs 3, 4 and 5 of your telegram. Ends.

525.

DEA/5475-W-40

*Mémorandum du chef, la deuxième direction politique**Memorandum by Head, Second Political Division*

CONFIDENTIAL

[Ottawa,] May 23, 1946

## COMMISSION ON HUMAN RIGHTS

1. One of the important questions which will come before the Economic and Social Council at its meeting in New York will be the report of the Commission on Human Rights. Since the Soviet member of the Commission has taken exception to certain of the conclusions agreed to unanimously by the other members and has abstained from voting on the provisions for regional conferences and implementation, it is probable that the report may give rise to controversy at the E. and S. C. and that the Canadian representative will have to take a position.

2. The Soviet states have demonstrated that they intend to use the organs of the United Nations as instruments of Soviet propaganda in a war for men's minds. Already they have met with success in their efforts to pose as defenders of the rights of small nations and of coloured and colonial peoples. The chances of the Soviet states winning the battle for men's minds are greater if the Western world remains on the defensive. It is therefore desirable that the Western world should go over to the offensive and should attack the Soviet states at their weakest point, their refusal to concede to their citizens the ordinary freedoms of speech, of the press, and of worship and their inability to give their citizens freedom from want and from fear. The Western states should therefore make an immediate drive to formulate a declaration of the rights of man. The Soviet states would find it embarrassing to oppose such a declaration and, if they do oppose it, the strength of their propaganda would be weakened. Correspondingly, the strength of the propaganda of the Western states would be increased.

3. The usual criticism of a declaration of the rights of man is that it is of little value without provision for implementation. This argument runs counter to British traditions and experience since it has proved useful in the development of liberties in England to secure agreement on bills of rights even before it was possible to ensure that they would be implemented. The bill of rights becomes a goal which is eventually achieved. When a government departs from the principles of the bill its opponents can appeal to them. The antipathy of some English speaking people to a declaration of rights is,

I think, a relic of a nineteenth century Austinian doctrine of law which was a temporary aberration in English political thought.<sup>1</sup>

4. The Commission on Human Rights has recognized that it would be desirable if some sort of machinery were set up to implement a declaration of the rights of man. It is possible that proposals for the setting up of an organ of the United Nations to watch over the general observance of human rights may conflict with the domestic jurisdiction clause of the Charter. However, it seems to me that the Western states would be wise to let the Soviet Union bear the onus of raising this point and not get the Soviet Union out of an embarrassing position by raising it themselves. Moreover, the domestic jurisdiction clause of the Charter is so broad that it could be used, if given an extensive interpretation, as a means by which many of the most useful activities of the United Nations could be paralyzed. It is therefore in our interest that the meaning of the domestic jurisdiction clause be narrowed down by custom and the development of a sort of case law. Our general line should be to discourage appeals to the domestic jurisdiction clause.<sup>2</sup>

5. At present we unfortunately have to think in terms of political, economic, and psychological warfare against the Soviet Union. One source of the strength of the Soviet Union in that warfare is that it has allies within our gates—people who still think that Moscow is the Mecca of the disenchanted and disinherited of the whole world. We must try to persuade these people that they are misguided. One way to do this would be to demonstrate that the states of the Western world are willing to implement a declaration of the rights of man which will give both political and economic freedom while the Soviet Union is unable or unwilling to implement such a declaration.

6. There is one constitutional point which Mr. Malania mentions in his memorandum which is not, I think, of great importance. He states that Article 62 of the Charter does not specifically mention the Security Council as an organ to which the recommendations of the Economic and Social Council may be addressed. However, under Article 65, the E. and S. C. "may furnish information" to the Security Council. It is therefore constitutionally proper for the Economic and Social Council to include in the information which it furnishes to the Security Council information about a violation of human rights which, in the opinion of the Economic and Social Council, constitutes a threat to peace.<sup>3</sup>

E. R[EID]

<sup>1</sup> Note marginale:

There's a good deal of difference between a national law and an international declaration in potential effectiveness.

<sup>2</sup> Note marginale:

I doubt if a new organ would command authority. How could it "implement" freedom of the press in USSR—or in Argentina? By proposing sanctions? The E[conomic] and S[ocial] C[ouncil] and the Assembly seem to me the proper organs.

<sup>3</sup> La note suivante était écrite sur ce mémorandum: <sup>3</sup> The following note was written on the memorandum:

I agree with the general line of argument in this memo., but I am not inclined to support a Canadian [line?] in the E[conomic] and S[ocial] C[ouncil] against the U.S.S.R. in current circumstances.

H. W[ONG]

526.

DEA/5475-AB-40

*Mémorandum de la deuxième direction politique*<sup>1</sup>*Memorandum by Second Political Division*<sup>1</sup>

[Ottawa,] June 28, 1946

## RE: SUB-COMMISSION ON DEVASTATED AREAS

On June 21st the Economic and Social Council adopted the recommendation of the "nuclear" Economic and Employment Commission to set up a sub-commission on the reconstruction of areas devastated by war. This recommendation was based upon the resolution proposed by Poland and adopted by the General Assembly at the first part of the first session in London, which recognized "the problem of full reconstruction of the countries belonging to members of the United Nations which suffered substantial war damage as a grave and urgent matter which should be given very high priority among postwar problems." The Assembly resolution requested the Economic and Social Council to place this subject on the agenda of the first meeting "as an urgent matter."

## TERMS OF REFERENCE

The attached draft resolution† defines the terms of reference of the sub-commission. These are

(1) to advise on the nature and scope of the economic reconstruction problems of those countries which face great and urgent tasks in this field; and

(2) to advise on the progress of reconstruction and the measures of international co-operation by which reconstruction might be facilitated.

The Sub-Commission is authorized to make enquiries in these countries "with the consent of the governments concerned". Its preliminary report is to be presented to the third session of the Economic and Social Council not later than September 2nd, 1946.

## MEMBERSHIP OF THE COMMISSION

The drafting committee of the Council chose the following countries to name representatives to serve on the Commission: Australia, Belgium, Canada, China, Czechoslovakia, Ethiopia, France, Greece, India, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Ukraine, United Kingdom, and the United States, the U.S.S.R., and Yugoslavia.

Sir Ramaswami Mudaliar nominated Canada for chairmanship, but this, however, was declined by the Canadian delegate on the drafting committee. The representative of France, however, gladly accepted this honour, and China was chosen for vice-chairmanship.

The sub-commission is to be divided into two working groups, one for Europe and Africa, the other for the Far East. Presumably the Far Eastern

<sup>1</sup> De L. Malania.<sup>1</sup> By L. Malania.

working group is to be under the chairmanship of China. Canada was named a member of both working groups.

#### PROPOSED ACTIVITIES

No clear plan of work was developed. It was generally understood that the sub-commission is to meet as a body within the next three or four weeks, either in New York or in Europe (the exact place was not named, but it might well be London where the United Nations has a branch office), and after the initial meetings break up into the two working groups. The European group will visit western and eastern Europe and Ethiopia. The Far Eastern group is to visit the Far East. The latter visit may, however, be postponed until after the General Assembly. It was understood that towards the end of the Council meeting the Chinese delegate had decided not to insist on a visit to the Far East being given high priority.

In informal discussions among delegates and members of the Secretariat, two broad courses of action were envisaged:

(a) the sub-commission would not travel but spend two or three weeks discussing its programme of work and would prepare a preliminary report based upon available statistics. (The Secretariat have already assembled a considerable amount of data for this report.)

(b) the sub-commission would take a flying visit through Europe only, and would produce a report consisting of an outline of its programme of work, statements submitted by governments, and a summary of official statistical data, together with some "observations" by individual members of the sub-commission.

#### CANADIAN MEMBERSHIP

It would appear to be desirable to nominate to the sub-commission two economists with some experience in field research. One of these should have some knowledge of European and the other of Far Eastern conditions. At this stage only the selection of the European expert is a matter of urgency. We should be receiving an official request from the Secretary-General for our nominee within a short period of time.

527.

CH/Vol. 2103

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

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

DESPATCH 1205

Ottawa, July 15, 1946

CONFIDENTIAL

Sir,

I enclose a copy of an informal report on the proceedings at the second session of the Economic and Social Council of the United Nations, which was

held in New York from May 25th to June 21st. This report was prepared by Mr. Malania, who was a member of the Canadian Delegation to the Council.

I have etc.

H. H. WRONG  
for the Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Rapport de la délégation à la deuxième session du Conseil économique  
et social des Nations Unies*

*Report by the Delegation to the Second Session of the Economic and  
Social Council of the United Nations*

CONFIDENTIAL

June 29, 1946

At the conclusion of its second session, Sir Ramaswami Mudaliar, the President, summed up optimistically the achievements of the Council during the past six months. A number of delegates felt privately that the summary was a bit "padded". It is true that during this period the Council had been going through a difficult organizational period. There was a tendency on the part of many delegations to quibble rather dogmatically over words and formulas, which in practice would probably make little difference. This tendency, was inevitable, however, since the Council was trying to define on paper the composition and functions of its commissions, and the relationship between the United Nations and the specialized agencies, without any clear picture based on experience as to the practical considerations which would be involved in solving these problems. The effort to provide on paper for all possible contingencies led one of the Canadian delegates to remark privately that one of the most depressing characteristics of the Council was its apparent conviction that its commissions would be composed of morons who had to have everything spelled out for them.

Another difficulty of the Council which was largely responsible for the snail-like pace of its meetings was the very real set of difficulties connected with the temporary headquarters and the poorly organized Secretariat—the distance of Hunter College from the downtown hotel area, the inadequate arrangements for transportation, the shortage of experienced interpreters, the confusion in the production and distribution of documents, the lack of a sufficient number of committee rooms, and the inadequate distribution of work within the Secretariat. These material difficulties of the initial organizational phase of the United Nations were complicated by Sir Ramaswami Mudaliar's determination to maintain a firm control over the work of the Council. He presided at all meetings of the Council and of every one of its committees. Had there been concurrent meetings of the committees, the Council could no doubt have accomplished more in less time. Sir Ramaswami appeared to

feel a personal responsibility for the performance of the Council and he yielded his place only on the very few occasions when his absence from the Council was unavoidable. This criticism is not intended to imply, however, that Sir Ramaswami displayed any shortcomings as a chairman. He was at all times most competent and effective.

#### PERSONALITIES ON THE COUNCIL

The difficulties of the Council were complicated by the disappointing calibre of its members. The United Kingdom, the United States, U.S.S.R., Canada, and Belgium can be fairly said to have had the best representation. The United Kingdom was represented during the first three weeks by Mr. Noel-Baker, who was as usual clear-headed and eloquent, though inclined to be dogmatic especially on organizational problems. He was succeeded by Mr. Hector McNeil, who showed himself a true disciple of Mr. Bevin. The United Kingdom alternates and advisers were of first rate calibre. The United States delegation was headed by Mr. John Winant who had a large staff of competent alternates and advisers. It was obvious that the Canadian delegates had considerable personal authority in the Council and its committees and that they enjoyed the respect of all sides on controversial issues. The Belgian delegate, M. Dehousse, spoke rarely and generally to the point. He appeared to be an able constitutional lawyer who tempered his knowledge and experience with common sense.

The French delegation repeated their poor showing in London. Mr. Bousquet became a positive menace especially towards the end of the sessions when his garrulousness and energy in pressing "compromises" which were unacceptable helped to delay the proceedings. He was aided and abetted by the Greek delegate, M. Argyropoulos. The Latin Americans were represented by career diplomats who were not too familiar with the questions under discussion and who generally voted as a bloc, the only exception being Colombia, whose representative abstained on a number of important votes. The Eastern-European bloc was also pretty well united, with Yugoslavia frequently taking the lead in pressing its case and Czechoslovakia acting as moderator between it and the western countries. The Chinese delegates appeared to be at sea most of the time. They displayed the familiar tendency to produce "compromise" formulas based upon a rearrangement of commas or the substitution of inappropriate synonyms for the contentious words.

The Soviet delegates, Mr. Feonov and Mr. Morozov showed great ability and the usual rigidity in carrying out their instructions.

#### THE WORK OF THE COUNCIL

The Council approved draft agreements for bringing three specialized agencies—F.A.O., I.L.O., and U.N.E.S.C.O.—into relationship with the United Nations. These agreements are subject to ratification by the General Assembly of the United Nations and the General Conferences of the Agencies. At the request of the International Bank and of the Monetary Fund, negotiation of arrangements with these two agencies was deferred until the two

organizations have completed their organization and have begun to operate. In the meantime letters outlining a simple scheme of mutual co-operation are to be exchanged by the President of the Council and the Chief Executive officers of the two organizations.

The Council considered the Report of the Preparatory Committee of the International Health Conference and draft observations for transmission to the Conference, which the Council convened to meet in New York on June 19th.

The Council also discussed the report of the Committee on Consultation with Non-Governmental Organizations. The report was adopted after considerable revision, and a committee of the Council was set up to screen applications for consultative status from various national and international organizations. The committee consists of the President of the Council and the delegates of the United States, United Kingdom, U.S.S.R., France and China.

The reports of the "nuclear" commissions of the Council—the Economic and Employment Commission, the Temporary Transport and Communications Commission, the Statistical Commission, the Commission on Human Rights, the Sub-Commission on the Status of Women, and the Temporary Social Commission—were considered by the full Council and by two drafting committees of the Council, one dealing with the economic commissions, the other with the social commissions. The full commissions were not, however, constituted. This has been deferred to the third session.

The Council took the important decision that all members of its commissions shall be representatives of governments and not independent experts appointed by the Council itself.

The Council set up a sub-commission on areas devastated by the war. The sub-commission consists of Australia, Belgium, Canada, China, Czechoslovakia, Ethiopia, France, Greece, India, Netherlands, New Zealand, Norway, Philippines, Peru, Poland, Ukraine, United Kingdom, United States, U.S.S.R., and Yugoslavia. The representative of France will be chairman and that of China vice-chairman. The task of this sub-commission is to produce a report on the problems and progress of reconstruction in war devastated areas of Europe, Africa and Asia before September 3rd.

Finally, the Council spent several heated meetings in discussing the report of the Special Committee on Refugees and Displaced Persons. This question is dealt with in a separate memorandum.†

Seven items of the agenda had to be postponed owing to lack of time. These are the terms of reference and composition of the Fiscal Commission, the Demographic Commission, and the Co-ordination Commission; the assumption by the United Nations of the functions and powers connected with public loans issued with the assistance of the League of Nations; revision of Rules 4 and 5 of the Rules of Procedure relating to the calling of special sessions of the Council by the specialized agencies; arrangements for conferring with the Security Council and the Trusteeship Council; the Belgian proposal to estab-

lish special relations with the League of Red Cross Societies; and the United States proposal to grant the International Chamber of Commerce the same consultative status as has been accorded to the W.F.T.U. and the A.F. of L.

#### THE REPORT OF THE PREPARATORY COMMISSION ON THE HEALTH CONFERENCE

The Preparatory Commission was set up by the Council during its first session in London. Dr. G. B. Chisholm was the Canadian representative on the Committee and served as its rapporteur. The committee met in Paris in March and April, 1946, and prepared a draft constitution for the proposed World Health Organization and a draft annotated agenda for the International Health Conference.

This was the first instance of the Economic and Social Council calling an international conference for the purpose of setting up a specialized agency and for this reason the procedure followed in this case is of special interest.

In accordance with the terms of the Council's resolution appointing the Preparatory Committee, the report of the latter body was submitted to the Council for any observations which it might wish to transmit to the Health Conference. Apart from comparatively minor drafting changes in the draft constitution of the W.H.O., the two principal issues which arose in the Council were (1) the question whether the new Health Organization should supplant the existing regional Health organizations such as the Pan-American Sanitary Bureau, the Arab Sanitary Bureau, and the *Office International d'Hygiène Publique*, and establish regional offices under its own direct control, or whether the W.H.O. would use the existing regional health organizations as its own regional offices, leaving to the latter a considerable degree of autonomy; and (2) the question whether the World Health Organization should be set up by the "old method" of a separate intergovernmental convention which would be signed by plenipotentiaries and ratified by national legislatures, or whether it should be set up by the "new" streamlined method of a simple resolution of the General Assembly which would be considered binding upon all Members of the United Nations.

The United States delegation favoured autonomy for the existing regional organizations in order to preserve the quasi-political functions of the Pan-American Sanitary Bureau, and the "old method" of ratification, which under United States constitutional practice is considered essential to enable Congress to vote its contribution to the Health Organization.

A debate revolving mainly around these two issues took place in the Council but no vote was taken. At its conclusion the matter was referred to a drafting committee of the Council which was charged with the task of preparing a summary of the points made during the debate for transmission to the Health Conference. After three meetings the drafting committee produced a resolution which endorsed the recommendations of the Preparatory Committee's report on such questions as the invitation to attend the Health Conference as observers to be extended to sixteen neutral and former enemy

states, to the Allied Control Commissions in Germany, Japan and Korea, and to ten world-wide and regional organizations, the activities of which have some bearing on health, (The proposal to invite P.I.C.A.O. to send representatives was carried over the vigorous opposition of the Soviet delegate), and the setting up of an Interim Health Commission pending the establishment of the World Health Organization, the Secretariat of the Commission to be provided by the United Nations.

The two contentious questions were left open for decision by the Health Conference itself. Mr. Noel-Baker argued vigorously that the Council should make a definite recommendation on these two points. The Canadian delegation supported his proposal that the W.H.O. should be a centralized body, but not his position on the procedure of setting it up. A number of observations made by delegates were appended to the resolution for transmission to the Conference.

On the whole, the procedure followed by the Council in preparing for and convening the Health Conference appears to have been successful. The amount of time (five full meetings) consumed in Council and in the drafting committee by the discussions of the Preparatory Committee's report could have been reduced to one or two meetings at most, if it had been clearly understood at the very outset that the streamlined procedure advocated by Mr. Noel-Baker could not be accepted by a significant number of states. A valuable lesson has probably been taught by the attempt. Pending the possible adoption by these states of enabling legislation under which resolutions of the General Assembly would become automatically binding upon all Members of the United Nations, it would seem that the most effective method for establishing a specialized agency is to have the Economic and Social Council set up a preparatory committee and to convene a special conference for the purpose, avoiding as much as possible any detailed discussion by the Council of the preparatory committee's recommendations. A single resolution transmitting the report to the conference should be sufficient. Observations which members of the Council might wish to make on the report could best be made in the conference. It would seem worth while to recommend that this procedure should be followed in establishing the proposed International Trade Organization.

The procedure in the case of the refugee organization might be mentioned as a contrast. A full dress debate on this question was held in the General Assembly in February and a brief debate during the first session of the Economic and Social Council. The various issues were fully debated in the Special Committee on Refugees which met in London in April and May, 1946. The report of that committee was then debated again by the Council in June, when many of the contentious issues settled in London were reopened and the delicate compromises reached there were upset. These questions will almost certainly be debated again by the General Assembly in September, which may find it necessary to refer the question of establishing an International Refugee Organization to a separate international conference. These

long and profitless debates might have been avoided if the Council had decided to content itself with setting up a preparatory committee and convening a special conference.

#### AGREEMENTS WITH THE SPECIALIZED AGENCIES

The negotiations with the I.L.O., U.N.E.S.C.O., and F.A.O. consumed from two to three meetings of the Negotiating Committee for each organization. One or two meetings were held by the Negotiating Committee privately to consider the draft agreements prepared by the Secretariat in consultation with the representatives of the agencies concerned. The Negotiating Committee consisted of the President, and representatives of Belgium, Canada, Chile, China, Colombia, Czechoslovakia, France, Norway, the United Kingdom, the United States, and the U.S.S.R.. Each of the agencies was represented by a small committee, headed by Mr. Myrddin Evans for the I.L.O., Mr. Julian Huxley for U.N.E.S.C.O., and Mr. André Mayer for the F.A.O. The actual negotiations were carried on by the President of the Council and each of these officials, in the presence of the two negotiating committees. In the negotiations with U.N.E.S.C.O. the spokesman for that organization was M. Roger Seydoux.

The agreements, which are rather more formal than would appear necessary in the case of organizations the membership of which is largely co-terminous, provide for exchanges of information and documents, the reciprocal right to submit items for inclusion in the agenda, reciprocal representation of the United Nations and of the agencies at meetings of the two bodies, pledges to consult one another in recruitment of personnel, the establishment of uniform conditions of employment and exchanges of personnel, and undertakings to co-operate in the exchange of statistical information and the eventual establishment of common administrative services.

The agencies undertake to assist the organs of the United Nations when requested to do so and pledge themselves to carry out so far as possible the recommendations of the United Nations.

On the whole the agreements leave full autonomy to the specialized agencies. In each case the agencies undertake to prepare their budgets in consultation with the appropriate officials of the United Nations. The final budgets of the agencies are to be submitted to the General Assembly of the United Nations, which may make recommendations with regard to any item of the budget. Representatives of the agencies are accorded the right of participation without vote in the deliberations of the General Assembly or of any of its committees when their budgets are being discussed. A common budget is envisaged as an eventual possibility, to be defined by a special agreement.

The right to examine the budgets of the agencies and to make recommendations regarding any items in them gives to the General Assembly of the United Nations very considerable powers to control undesirable expenditures by the agencies and to effect the necessary co-ordination in their activities. The main

safeguard of the agencies against arbitrary dictation by the General Assembly is the fact that the majority of the Members of the General Assembly are also members of the agencies.

#### CONSULTATION WITH NON-GOVERNMENTAL ORGANIZATIONS

A committee to recommend methods of consultation between three non-governmental organizations—the W.F.T.U., the A.F. of L., and the International Co-operative Alliance—was set up at the first session of the Council in London. It consisted of the President of the Council and the representatives of China, Cuba, France, Greece, Lebanon, Peru, Ukraine, United Kingdom, United States, U.S.S.R. and Yugoslavia. The first report of the committee (E/43) recommends the setting up of a committee of the Council to act as the channel for consultation with non-governmental organizations. It also proposed the classification of non-governmental organizations into three broad groups. The first group would include the W.F.T.U., the A.F. of L. and the International Co-operative Alliance. Because of the special importance of these organizations broader powers of consultation were recommended for them. The second category included organizations with international interests but in more narrow fields, and the third category included organizations concerned primarily with information. The rights of consultation become narrower from the first to the third category.

The main provisions of the first report were to allow the representatives of the organizations to sit as observers at meetings of the Council, to submit written communications to the Secretariat which would be distributed to the members of the Council only on request of a member, and on particular matters to consult with the committee of the Council appointed for this purpose, if the Council so desired, or the organizations specifically requested such consultation.

These recommendations drew a sharp rebuke from Mr. Hillman of the W.F.T.U. Mr. Hillman objected in particular to the denial of direct access by the W.F.T.U. to the Council and its commissions.

The objections of the W.F.T.U. were supported by the French delegate who declared that the recommendations of the first report, which, incidentally a French representative helped to draft, “amazed and surprised” him, and by the representatives of Belgium and the Eastern-European group. After a heated debate the first report was sent back to the committee for revision in the light of comments made during the debate and the criticism contained in Mr. Hillman’s letter.

The revised report (E/43/Rev. 1) recommends that “most close consultative connection” should be established between the Council and the W.F.T.U. A standing committee composed of the President of the Council and the representatives of China, France, the United Kingdom, the United States and the U.S.S.R., assisted by the Assistant Secretaries-General for Social and Economic Affairs, will review applications for consultative status. (It was learned informally that over 200 such applications have already been received by the

Secretariat.) The classification of organizations into three categories is maintained but written communications from organizations in the preferred category are to be circulated among members of the Council without requiring any previous request from any of its members, and the representatives of such organizations are given the right, subject to the President's consent, of addressing the Council and any of its organs. Much greater latitude is provided for consultation with the commissions of the Council, and the Secretariat is specifically instructed to facilitate such consultations in every way.

The revised report was adopted unanimously by the Council. A last minute attempt was made by the United States delegation to have the International Chamber of Commerce placed in the preferred category for consultation. Owing to the lateness of the hour, the United States proposal was deferred to the third session of the Council. In spite of the substantial victory won by the W.F.T.U. the Soviet representative attempted to extend still further the privileges accorded to that organization, but the proposal to give the W.F.T.U. virtually the same right of participation without vote as was accorded to the specialized agencies was defeated by a majority of 12 to 5. The Soviet delegate, however, signified his intention of reopening the question at a later date.

#### COMMISSIONS OF THE COUNCIL

It is not proposed to give in this memorandum a detailed account of the reports submitted by the "nuclear" commissions regarding the functions and composition of the commissions. Three of these reports appeared to be far too ambitious in scope—those of the Human Rights Commission, the Sub-Commission on the Status of Women, and the Temporary Social Commission.

The most startling proposal was that of the Human Rights Commission which recommended that this body should act as a temporary "agency of implementation" to rebuke governments which failed to live up to the obligations of the Charter. It proposed to set up local centres within the territories of Members of the United Nations, which would provide the Commission with information regarding violations by governments of their obligations on human rights. The conception of a kind of international league of civil liberties' associations was dear to the heart of Mr. Laugier, the Assistant Secretary-General for Social Affairs, and to Mrs. Roosevelt who had played a prominent part in the work of that Commission. The Social Commission in defining the scope of its activities had included almost every subject within the competence of the Economic and Social Council itself and of many of the existing specialized agencies.

The reports of the Economic and Employment Commission, the Statistical Commission, and the Transportation and Communications Commission, covered more soberly the proposed activities of the full commissions within these fields. The development of the actual work of these commissions when they have been set up will, no doubt, reveal much overlapping and the problem of

co-ordinating their activities with those of specialized agencies is likely to be the major organizational preoccupation of the Economic and Social Council for several years to come.

The somewhat ambitious schemes of work outlined in the reports of all the "nuclear" commissions will, no doubt, be greatly modified by the decision of the Economic and Social Council on the nature of the composition of the full Commissions. One of the major issues debated in all the "nuclear" commissions was whether the membership of the full Commissions should consist of independent experts appointed by the Council from a panel of names submitted by Members of the United Nations, or whether it should consist of persons named by governments of states elected to the Commissions by the Council. The United States representatives advocated the former alternative; the Soviet delegates insisted on the Commissions being composed of Government representatives. The United Kingdom representatives advocated "mixed" commissions consisting of about ten experts appointed by the Council and five representatives named by governments.

By vote taken in a committee of the whole Council it was decided by 11 to 5 that members of commissions should be representatives of states elected to the commissions for a period of three years. The United Kingdom, the United States, Canadian, Belgian and Lebanese representatives voted against this proposal. It was further decided by 9 votes against 7 that the tenure of office on commissions should be on a rotating basis. At the first election one third of the member states would be chosen for two years, one third for three years, and one third for four years. Thereafter, terms of office would be three years.

The decision as to the length of tenure would be made by drawing lots. All retiring countries would be eligible for immediate re-election. The Canadian suggestion that corresponding members of the commission should be independent experts was accepted with the amendment moved by the Czechoslovak delegate that such experts would be appointed only with the approval of their governments. It was further agreed, on division, that governments would have the right to replace their representatives on the commissions, but it was generally agreed that governments should be asked to keep as much as possible the same persons as their representatives on the various commissions.

This decision on the nature of the composition of commissions completely reversed the decision of the Council taken previously in London, that the Commissions should be primarily bodies of experts. It alters considerably the nature of the activities proposed by the "nuclear" Commission on Human Rights and the Sub-Commission on the Status of Women, and it will probably have a serious effect on the nature of the work of the economic commissions, in particular the Economic and Employment Commission. One result of the decision is to place much greater emphasis on the importance of adequate *expertise* in the Secretariat.

The drastic character of this decision was mitigated to some extent, however, by the provision suggested by the Soviet group that the Secretary-General should be authorized to consult with governments of states elected to

the commissions regarding the qualifications of their representatives. The Russians submitted this provision with specific reference to the Transportation and Communications Commission where need for a balanced group of experts on various aspects of these fields is most obvious. The identical sentence, however, was inserted in the final document (E/84) under each of the Commissions. It passed without debate when the resolution was adopted unanimously by the Council.

In explanation of their vote in support of the Russian position, one of the Latin American delegates stated that the Latin American countries had voted for it in order to ensure that their experts, who are little known outside of their own countries, would have the opportunity of acquiring renown on an international scale. He appeared to suggest the fear that on such commissions as the Economic and Employment Commission, there would be a tendency towards Anglo-American preponderance. On the other hand, it would not be surprising if the Latin American vote should have been the result of some deal privately reached between that group and the Eastern European countries.

After the vote in committee had been taken, the Belgian delegate raised the pertinent question whether in view of the composition of commissions by representatives of states rather than independent experts, these should be paid by the governments they represented rather than by the United Nations. The question was not discussed, however, and the presumption is that the members of commissions will be paid by the United Nations.

One consequence of the decision may be to reduce the importance of the Economic and Social Council, since there would seem to be no point in having a recommendation agreed to by the representatives of eighteen governments reviewed by the representatives of eighteen governments. Apart, therefore, from the obvious function of co-ordinating the recommendations of the various commissions, the Economic and Social Council might find little to add to them and a tendency might develop in time to refer the recommendations of the commissions directly to the General Assembly. Whether this development takes place or not would appear to depend on the extent to which governments follow the practice of appointing qualified experts as their representatives on the commissions and allow them full latitude to state their views without being bound by definite instructions.

The first elections of states to the commissions was referred to the third session of the Council.

#### SUB-COMMISSION ON DEVASTATED AREAS (E/66/ Rev.1)

The only subsidiary body of the Council which was constituted at the second session is the Sub-Commission on areas devastated by the war. The setting up of this Sub-Commission was recommended by the "nuclear" Economic and Employment Commission which will receive the recommendations of the sub-commission. The sub-commission consists of twenty members: Australia, Belgium, Canada, China, Czechoslovakia, Ethiopia, France, Greece, India, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Ukraine,

United Kingdom, United States, U.S.S.R., and Yugoslavia. Canada was named by the President for the chairmanship but the Canadian delegate asked to be excused, and France was chosen for the chairmanship. The vice-chairmanship will be held by China.

The functions of the sub-commission are (1) to advise on the nature and scope of the economic reconstruction problems of countries devastated by the war; and (2) to advise on the progress of reconstruction and the measures of international co-operation by which reconstruction might be facilitated.

The sub-commission was authorized to conduct enquiries in devastated areas "with the consent of the governments concerned." Its preliminary report is to be presented to the third session of the Economic and Social Council not later than September 2nd, 1946.

The sub-commission will be divided into two working groups, one for Europe and Africa, and another for the Far East. Canada is a member of both working groups. No clear plan of work was prescribed by the Council, but it was anticipated informally that the sub-commission would meet in Europe in July and either prepare an outline of the more urgent problems based upon official statistics now available, or make a cursory visit to the devastated areas of Europe and submit a tentative account of its preliminary findings as its first report.

It was generally recognized that the sub-committee could accomplish little in the limited time at its disposal. Private conversations with several members of the Council and of the Secretariat revealed that one of the motives which prompted the rather hasty setting up of the sub-commission was the desire to counteract as much as possible the effect of the disturbing reports circulated by a Congressional Committee in the United States and by several individual Congressmen that the situation in devastated areas was not nearly so serious as had been generally believed, and that the generosity of the United States Government was being misused.

#### CONCLUSION

The general impression produced on many thoughtful observers by the second session of the Economic and Social Council was somewhat unfavourable. It was felt by some delegates that the reports of the "nuclear" commissions were hastily prepared and poorly drafted and that the recommendations contained in them were far too ambitious. The facility with which the Council reversed some of its previous decisions gave rise to private accusations of irresponsibility. The slowness of its progress helped to create in some minds a feeling of futility. This general feeling of disappointment was aggravated by the material difficulties of life in New York City. It would not be surprising if at the forthcoming General Assembly a determined effort were made to reverse the decision to locate the permanent and temporary headquarters of the United Nations in the Eastern United States and to move them to San Francisco. The Chilean delegation indicated privately that a Latin American lobby might shortly be organized with that end in view.

One of the best ways of strengthening the Council appears to be to strengthen the delegations of various countries. But although this might improve the work of the Council, it will hardly make it more effective until some of the outstanding world problems, such as the political settlement of Europe, the loan policy of the United States, and the general post-war economic relationships among the Great and Middle Powers have been clarified. These problems cannot be solved within the framework of the Council. The effectiveness of its work however, is predicated upon a reasonably stable system of international relations.

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*Procès-verbal d'une réunion interministérielle*

*Minutes of an Interdepartmental Meeting*

CONFIDENTIAL

[Ottawa,] July 20, 1946

Minutes of a meeting held on Thursday, July 16th, at 11.15 in Room 123 of the East Block, to discuss the work of the Economic and Social Council and Canadian participation therein.

Present were:

Honourable Brooke Claxton, Minister of National Health and Welfare,  
 Mr. Robertson, Under-Secretary of State for External Affairs,  
 Dr. W. C. Clark, Deputy Minister of Finance,  
 Mr. Wrong, Department of External Affairs,  
 Mr. W. A. Mackintosh, Department of Reconstruction and Supply,  
 Mr. M. W. Mackenzie, Deputy Minister of Trade and Commerce,  
 Mr. R. B. Bryce, Department of Finance,  
 Mr. L. Rasminsky, Bank of Canada,  
 Mr. J. J. Deutsch, Department of Finance,  
 Mr. P. Renaud, Department of External Affairs,  
 Mr. A. H. Brown, Department of Labour,  
 Mr. Paul Goulet, Department of Labour,  
 Mr. S. D. Pierce, Department of External Affairs,  
 Mr. R. G. Riddell, Department of External Affairs,  
 Mr. J. Starnes, Department of External Affairs.

MR. MACKINTOSH gave a brief review of the activities of the Canadian delegation at the second session of the Economic and Social Council which has just finished in New York. He explained that he was not prepared to give any constructive criticism but rather an account of the work as he saw it. In his experience the work of the Economic and Social Council had been mainly hampered by the lack of a good secretariat. In certain cases the Commissions set up by the Council tended to be large and unwieldy as, for instance, in the case of the Commission on Devastated Areas, which was composed of twenty members, all representatives of Governments. He was of the opinion that the only remedy for improving the work of Committees and of the Council generally would be to improve the calibre of the Secretariat.

MR. WRONG said that, while this was a rather pessimistic account, it was not unexpected in view of the reports which we had been receiving.

MR. RASMINSKY stated that while perhaps the difficulties encountered in New York were greater than those experienced in London at the first session of the Economic and Social Council where the work was largely organizational, he felt sure that subsequent work of the Council would prove to be easier.

MR. CLAXTON said that he too was of the opinion that matters would improve with time. He stressed, however, the enormous physical difficulties in New York which prohibited any efficient organization. He said that as a newcomer to international conferences he found the setting in which such meetings were conducted to be somewhat bizarre and that the effects of Kleig lights and microphones and the habit of talking to a large unseen audience rather than to individual members on the Council created an unreal atmosphere. He felt in some ways New York was an unfortunate choice as the site for the temporary headquarters apart from the physical difficulties encountered, as United Nations affairs received about the same amount of publicity as those of the Municipal Court of New York. He too had been disappointed in the work being done by the Secretariat.

MR. CLAXTON added that he had been approached while he was in New York and asked if Canada would be willing to have the Security Council meet here at its next meeting. Mr. Claxton, at the time he had been approached, had said that it was unlikely that the Canadian Government would agree to such a proposition and that in any event we would require at least six months' notice.

MR. RASMINSKY had said that it might be possible that San Francisco would once again be mooted as the headquarters in preference to New York.

MR. MACKINTOSH said that in his opinion it might be a good idea if, while some permanent buildings for the United Nations were in process of construction during the next few years, Geneva were to be used as the temporary site of the Headquarters.

MR. WRONG said there was some indication that Soviet hostility to Geneva was diminishing. His last visit to Geneva convinced him of the advantages of using the League of Nations buildings for International Conferences.

MR. CLAXTON said that one suggestion he would like to make was that a minimum of two automobiles should be provided for any future Canadian delegations to the United Nations. He had noted that almost every delegation with the exception of the Canadian had one or two cars at their disposal and the United Kingdom delegation had five cars at their disposal.

MR. WRONG said that some arrangements were at present being made by the United Nations Secretariat to allocate a number of cars to each delegation for the duration of the Assembly and he was hopeful that we might obtain two cars, perhaps from the Department of National Defence, which would give us a total of four or more.

MR. CLAXTON discussed the proceedings in the International Health Conference which showed conclusively, he said, that the United Kingdom, the United States and Canadian delegations were the only ones which had done much serious preparatory work. In his opinion the Economic and Social Council might be a useful meeting ground for experts behind the scenes but that for the present no great amount of work could be expected to emanate from the actual Council itself.

MR. WRONG pointed out that if such a practice were consciously recognized by the member Governments, the value of the Economic and Social Council would decline and Governments would be loth to send experts as delegates. He said that there were three questions on which he would like some guidance:

1. What sort of representation should we have at the next meeting of the Economic and Social Council?
2. What degree of preparation should we make and was there any general line which we could usefully follow?
3. Should we seek participation in some of the other Commissions? We were at present represented on the Economic and Employment Commission and, of course, on the Narcotics Commission. The answer to these questions would in large measure determine the type of the instructions and the composition of the delegation which we would be sending. Was it, for instance, felt by the meeting that we should continue to be represented at such meetings by a Cabinet Minister?

MR. MACKINTOSH said that we should be represented by a Minister, for the present at least.

MR. WRONG asked if the size of the last delegation had been appropriate. Both Mr. Mackintosh and Mr. Claxton were of the opinion that it was, stating that it could not have been any smaller.

MR. CLAXTON said that there was good argument for having a permanent representative at the seat of the United Nations who might appropriately be a member of the Department of External Affairs. He had in mind somebody of the rank of First Secretary. In his opinion the Consulate General was not equipped to do this task and we ought to have one fairly senior person to maintain the continuity which was so essential to the work of succeeding delegations.

MR. WRONG said that such a plan was at present under consideration and that at the present time it was hoped to obtain some separate office space for the Atomic Energy Commission which was at present meeting in New York. If possible, it would be desirable to obtain office space in the same building as the Consulate, although separate from it, in order that they might use the same communication facilities.

MR. CLAXTON endorsed this idea.

MR. WRONG then said that he thought it was desirable to have such an office in the downtown section of New York. He considered that one of the

great advantages would be that telekrypton communication could be installed eliminating the laborious system of using cypher books which was at present in force.

MR. CLAXTON remarked that in his opinion the Biltmore Hotel was an excellent place for the actual living accommodation of any Canadian delegations in New York.

MR. WRONG asked if, in the opinion of the meeting, we should continue to give our support to the practical aspects of the many problems which would be arising at the forthcoming meeting of the Economic and Social Council. He realized that this question was scarcely answerable.

MR. CLAXTON was of the opinion that we should continue the line which we maintained in San Francisco, and later in London and New York.

MR. WRONG explained that the strain in keeping up a constant review of the many problems was exceedingly great and that it necessitated almost constant interdepartmental consultation which was becoming increasingly difficult.

MR. RASMINSKY said that Mr. Wrong's question was a very appropriate one and that there was only one possible answer, that we should make every effort to see that the Economic and Social Council, and ipso facto the United Nations, succeeded in its task.

MR. WRONG said that he thought there was a middle course. That it was possible, for instance, to limit the amount of work done beforehand and leave it to the good sense of the delegates as to the course they might take and the work which they ought to do at each Conference.

MR. RASMINSKY was in agreement with this.

MR. MACKINTOSH pointed out that it was necessary to maintain a steady effort in order to have any work done in advance, particularly on some of the more involved questions such as refugees. He felt that it might be useful if we were to attempt, behind the scenes and before actual Conferences took place, to gain the support of a number of other countries. While our efforts at International Conferences gained us the respect of the majority of nations, they considered us as rather unusual and it might perhaps be worthwhile trying to make a number of converts beforehand.

MR. CLAXTON said that the worth of this point of view had been proven at the International Health Conference where he had been able to swing both Brazil and Venezuela to our side in informal talks he had had with them outside the Conference.

MR. WRONG said that it was obvious that what was called for was a continuous survey of what should be done and what can be done in these various fields. It might mean our keeping in frequent touch with five or six countries through our representatives abroad.

MR. MACKENZIE said that while it was quite obvious that there were a number of other Government Departments on whom the burden would fall,

it was clear that the Department of External Affairs would have to remain the focal point.

MR. BRYCE pointed out that Government Departments other than External Affairs would be more interested when the various matters under discussion became matters of substance.

MR. WRONG agreed that in this particular period when most of the matters under discussion were ones of procedure, it was largely a matter for the Department of External Affairs.

MR. BRYCE suggested that someone present at each Conference should be charged with the responsibility of preparing a confidential report for the subsequent use of the various Government Departments and our Missions abroad.

MR. WRONG referred again to the question of our representation on the Commissions of the Council and enquired whether it was considered that we should seek representation on other Commissions than the Economic and Employment Commission. Was it considered, for instance, that we should seek to be represented on the Temporary Transport and Communications Commission?

MR. MACKINTOSH said that he had raised this point while he was in New York. It appeared that the work would be largely taken up with European problems and with the establishment of separate agencies to deal with air transport, telecommunications and shipping, it would not be so vital for us to be represented on such a Commission,

MR. CLAXTON remarked on the rapid and alarming multiplication of international bodies.

MR. WRONG said that he had mentioned this matter at a previous departmental meeting and had suggested that the Prime Minister, in his opening address at the United Nations Assembly in September, might draw attention to this matter, pointing out that the increasing number of Conferences and international bodies on which Governments had to be represented defeated in large measure the value of the work of those bodies and resulted in imperfect work which could only have a deleterious effect in the long run on international organization.

MR. CLAXTON expressed the opinion that this was an excellent idea and the meeting was in general assent on this point.

MR. BROWN said that it was important that I.L.O. and other bodies should not overlap in their responsibilities and work.

MR. MACKINTOSH suggested that, in any reports which were made on the work of the Canadian delegations at International Conferences, there might be a paragraph summing up the results of the Conference and any conclusions which had been reached. He also considered it would be useful to add a paragraph containing suggestions for action in Ottawa to follow up the questions considered by the Conference.

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DEA/5475-W-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au sous-ministre de la Justice*

*Acting Under-Secretary of State for External Affairs  
to Deputy Minister of Justice*

Ottawa, August 15, 1946

We have just received from the Secretary-General of the United Nations, the agenda for the Third Session of the Economic and Social Council, which will meet in New York on September 11. One of the important items on the agenda will be the election of states as members of the various commissions of the Council. There may also be an opportunity for discussing work that it is proposed each commission should do.

2. One of the commissions to be set up is the Commission on Human Rights. The general scope of the work of this commission is set forth in the enclosed extract from the report of the Secretary-General of the United Nations.†

3. Since we are now in the process of preparing the material and instructions for the Canadian delegation to the Economic and Social Council, we would be very grateful for an expression of your views on the proposed terms of reference of the Commission on Human Rights. Are you, for example, of the opinion that the proposed terms of reference of the commission are adequate, and have you any views on the relative importance of the various fields of work of the commission?

4. Would you have any views as to whether recent discussions in the House of Commons relative to a proposed national Bill of Rights would have any bearing on the position to be taken by the Canadian delegation with respect to the work of this commission? Your comments on this point would be much appreciated.

5. I should be grateful if you would return to me the enclosed United Nations documents when you have finished with them.

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DEA/5475-W-40

*Mémorandum de l'officier juridique, le ministère de la Justice*

*Memorandum by Legal Officer, Department of Justice*

Ottawa, August 26, 1946

RE: COMMISSION ON HUMAN RIGHTS

Points to be discussed:

(a) Are the proposed terms of reference of the Commission adequate?

(b) The relative importance of the various fields of work of the Commission.

(c) Should the recent discussions in the House of Commons relative to a proposed national Bill of Rights have any bearing on the position to be taken by the Canadian Delegation with respect to the work of this Commission?

(d) Canada's position with reference to states to be represented on the Commission.

The following provisions of the Charter of the United Nations would appear to be relevant:

*Preamble:* "We the peoples of the United Nations determined . . . to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small . . ."

*Chapter I, Art. 1, para. 3:* "The purposes of the United Nations are . . . to achieve 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 . . ."

*Idem, Art. 2:* "The organization and its members, in pursuit of the purposes stated in Article 1, shall act in accordance with the following principles . . . Nothing contained in the present charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state or shall require the members to submit such matters to settlement out of the present chapter . . ."

*Chapter IV, Art. 13:* "The general assembly shall initiate studies and make recommendations for the purpose of . . . assisting in the realization of human rights and fundamental freedoms for all without distinction as to race, sex, language or religion."

*Chapter IX, Art. 55:* "With respect to the creation of conditions of stability and well-being which are necessary for the peaceful and friendly relations among nations based on respect for the principle of equal rights and self determination of peoples, the United Nations shall promote . . . universal respect for, and observance of . . . human rights and fundamental freedoms for all without distinction as to race, sex, language or religion".

*Chapter X:* This chapter sets up the Economic and Social Council consisting of eighteen members of the United Nations elected by the General Assembly. Article 62 provides that the Council may "make recommendations for the purpose of promoting respect for, and observance of, human rights and fundamental freedoms for all" and may "draft conventions for submission to the General Assembly, with respect to matters falling within its competence." Article 68 provides that the Council shall set up commissions in economic and social fields and for the promotion of human rights.

*Chapter XII:* This chapter provides for an international trusteeship system and provides that the basic objectives of the system shall be inter alia "to

encourage respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language or religion, and to encourage recognition of independence of the peoples of the world.”

By resolution of the Economic and Social Council of February 16, 1946, a Commission on Human Rights and a Sub-Commission on the Status of Women was established consisting of representatives of Norway, France, Belgium, Peru, India, U.S.A., China, U.S.S.R. and Yugoslavia. This resolution provided that the work of the Commission shall be directed towards submitting proposals, recommendations and reports to the Council regarding:

- (a) an international bill of rights;
- (b) international declarations or conventions on civil liberties, the status of women, freedom of information and similar matters;
- (c) the protection of minorities;
- (d) the prevention of discrimination on grounds of race, sex, language or religion.

The resolution also directed the Commission to make studies and recommendations and provide information and other services at the request of the Council and authorized the Commission to propose changes in its terms of reference.

On May 24, 1946, the Commission on Human Rights made a report to the Council containing recommendations with regard to its work.

The Economic and Social Council, by resolution dated June 21, 1946, revised and settled the constitution of the Commission on Human Rights. To the functions set out in its original resolution, it added the following:

- “(e) any other matter concerning human rights not covered by items (a), (b), (c), and (d)”

It further provided that the Commission on Human Rights shall consist of one representative of each of the eighteen members of the United Nations selected by the Council. Representatives are to be nominated by the government of the nations selected and confirmed by the Council. The Secretary General is to make arrangements for

(a) the compilation and publication of a year-book on law and usage relating to human rights, the first edition of which should include all declarations and bills on human rights now in force in the various countries;

(b) the collection and publication of information on the activities concerning human rights of all organs of the United Nations;

(c) the collection and publication of information concerning human rights arising from trials of war criminals, quislings, and traitors, and in particular from the Nuremberg and Tokyo trials;

(d) the preparation and publication of a survey of the development of human rights;

(e) the collection and publication of plans and declarations on human rights by specialized agencies and non-governmental national and international organizations.

The Secretary-General has made a report to the Economic and Social Council reviewing what has been done from February 14, 1946 to June 30, 1946. In Chapter II it deals with the Commission on Human Rights. An extract of this portion of the report has been sent to you by External Affairs.

The terms of reference are wide enough to include the making of proposals, recommendations and reports on anything relating to "human rights" whatever that expression may extend to. I see no reason why they should be restricted. If any criticism might be made of the form of the terms of reference, it is with reference to the failure to specifically mention the question of remedies or sanctions. Declarations of rights are by themselves of little practical value. The British experience surely is that human rights are developed and extended by laws which provide remedies for the infringement of rights.

It would be difficult to say that any one of the fields of work of the Commission is more, or less, important than any of the others. It might be, however, that Canada has a greater interest in the way in which certain matters are treated from the point of view of international obligations than others. While it is true that there has been considerable agitation recently with reference to a national Bill of Rights, this is a matter in which all nations presumably are equally interested. Canada has possibly, however, a greater interest in rules that might be adopted with reference to the protection of minorities and the prevention of discrimination on the grounds of race, language or religion than most other countries. If rules concerning these matters were adopted without adequate consideration being given to problems peculiar to countries such as Canada, Canada might find itself in an embarrassing situation.

A further problem from Canada's point of view with reference to the work of this Commission arises from the federal nature of our constitution. A unitary state can adopt and implement proposals or recommendations of an international character. A federal state must bear in mind its legislative limitations when it is adopting such proposals or recommendations.

I have reviewed the debate in the House of Commons arising out of Mr. Diefenbaker's<sup>1</sup> proposed amendment to s. 10 of the Citizenship Act by which a subsection was to be added as follows:

(6) Such certificate of citizenship shall be deemed to include a Bill of Rights as follows:

1. Freedom of religion, freedom of speech and the right to peaceful assembly are assured.
2. Habeas corpus shall not be suspended except by Parliament.
3. No one shall be required to give evidence before any tribunal or commission at any time if denied counsel or other constitutional safeguards. (Hansard, May 7, 1946, p. 1342)

<sup>1</sup> Député fédéral pour Lake Centre.

<sup>1</sup> Member of Parliament for Lake Centre.

This debate does establish that there is a fairly vocal body of opinion in this country that there should be a bill of rights adopted at this time. (Hansard, May 7, 1946, p. 1342, May 8, 1946, p. 1370 and May 13, 1946, p. 1516). Whether or not it should be of a conventional or constitutional nature is one of the problems that require consideration. Another problem is to what extent such a bill of rights is within the legislative jurisdiction of Parliament and to what extent it is a provincial matter. If, of course, the Bill were to be an integral part of our constitution, it would have to be by way of amendment to the British North America Act.

It is to be noted that there is no representative from the British Empire on the present Commission. Consideration might be given as to whether there should be such a representative in view of the pride taken by British people in this aspect of their history. The constitutional problems peculiar to Australia and Canada might make it advisable that such representative be from one of those two countries and Canada's own special problems arising from her racial groups might make it seem advisable that the responsibility should be assumed by Canada.

If Canada were to have a representative on the Commission, certain qualifications should be kept in mind, e.g.

(a) he should have a thorough knowledge of the constitutional development of British people and of Canadian constitutional law;

(b) he should be fully aware of Canada's peculiar problems arising out of various races and religions in Canada; and

(c) he should be a man of common sense who can appreciate the impracticability of laying down principles too much in advance of what can be implemented in practice.

W. R. J[ACKETT]

531.

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

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

TELEGRAM 1801

London, August 29, 1946

Following for Wrong from Turgeon, Begins: Your telegram No. 1445 of August 8†: Sub-Commission Reconstruction of Devastated Areas.

1. Work of Sub-Commission now resumed following return of touring committees from Western and Eastern Europe. Plenary sessions will not be held till return of Southern European group next week, but in the meantime working committees have begun drafting reports.

2. One committee has approved form of final report which will include a survey of present European economic situation and reconstruction plans of various governments and recommendations for international action and assistance.

3. It is suggested that recommendations should fall under three heads: first, the future activities of the present European working group of Sub-Commission; second, the creation of a permanent European economic council; third, other recommendations covering relief and loan needs and measures for restoration of multilateral trade. Of these, only second discussed thus far.

4. Committee has before it three largely similar proposals from United Kingdom, United States and Secretariat for creation of economic council for Europe under Article 68 of United Nations Charter. Summary of U.K. proposal in Dominions Office telegram No. 798 of August 26<sup>†</sup> not unlike Salter plan referred to in despatch No. A.219 of 13th June, 1945.<sup>†</sup> Idea generally approved and although Soviet delegate has expressed no opinion, it seems Polish Government might support it.

5. I favour general idea of creating European economic council but feel that it is wrong to confine membership to European countries. Proponents of plan argue that interests of non-European countries will be satisfied by representation in subordinate bodies of council dealing with particular problems such as food and international trade. They feel that if council membership broadened it would encroach on authority and prestige of Economic and Social Council and further if membership confined to Europe may encourage more cooperation and self help in reconstruction among European countries and lessen present tendency to rely on credits from abroad. I do not think that creation of council will lessen immediate desire of Europeans for financial assistance through export credits or otherwise. There is danger of proposals of this type leading to the creation of regional trade groups and I feel any tendency to regionalize world trade ought to be avoided. Further, I feel that Canada's interest in Europe by reason of past trade, war contribution, and post-war credits granted warrants inclusion in council, if created.

6. I have not intervened in debate because of reluctance to commit Canada too strongly to one branch of this Sub-Commission's recommendations when it may develop that recommendations on financial assistance will prove unacceptable to us. I do feel, however, that this proposal is independent of any financial recommendations and that without embarrassment we could press for a broadening of this proposed economic council so as to remove exclusive European character.

7. The preliminary discussion of this proposal is to continue on Saturday, August 31st, and final decisions will be made early next week. I would be grateful for your comments on this matter and your view of the advisability of pressing for Canadian membership in the proposed council. Ends.

532.

DEA/5475-AB-40

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

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

TELEGRAM 1579

Ottawa, August 31, 1946

CONFIDENTIAL. Following from Wrong for Turgeon, Begins: Your telegram No. 1801 of August 29, 1946. Devastated areas.

It is our view that, though Canadian Government would not be opposed in principle, to inclusion of non-European states in Economic Council for Europe or to Canadian membership, we should not seek membership and on the whole would prefer not to be a member.

2. It is our feeling that extension of membership to include non-European states (except United States as an occupying power) might result in conflicts of jurisdiction between Economic Council for Europe and other international bodies with similar terms of reference.

3. As far as Canadian membership is concerned, it seems to us that we should not seek membership unless we are in a position to provide expert technical personnel for membership on the commission. Demands on people with specialized knowledge here are already greater than we can meet. Initiative on our part might also create impression that we are prepared to extend credits to a greater extent than is actually the case.

4. We are grateful for information which you have continued to give us concerning activities of sub-commission. Ends.

533.

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

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

TELEGRAM 1865

London, September 9, 1946

IMMEDIATE. CONFIDENTIAL. Following from Turgeon to Robertson, Begins: Your telegram 1579 of 31st August, Devastated Areas.

1. Discussion on proposed European Economic Council resumes September 11th.

2. In discussion on September 7th, U.K. moved that the Sub-Commission formally recommend to Economic and Social Council that European Com-

mission be created. Lord Pakenham said *inter alia* that his government was willing to leave the door open so that European countries not joining immediately could become members later. Soviet delegate did not openly oppose creation of Commission but asked that decision be left to Economic and Social Council because he had no instructions for or against from his government. Yugoslavia and Czechoslovakia reserved position and Ukraine opposed creation on ground that such recommendation was beyond Sub-Commission's terms of reference.

3. I spoke here saying that Canada strongly favoured creation of this Commission, although it meant additional financial expenditure, because administrative costs would come from United Nations funds, and stated my opinion that recommendation was definitely within Sub-Commission's terms of reference. However I pointed out that Soviet delegate did not oppose but simply asked question to be left to the Council, and that only the Council could definitely make this recommendation to the General Assembly. I suggested that instead of voting for or against proposal in Sub-Commission, it should be submitted to Council as a recommendation from U.K., U.S., and Poland, and that the Council be asked to give matter urgent consideration.

4. I took this attitude partly because it seemed best and most appropriate in the circumstances, partly because it would ease the position of Polish delegation which had joined Western powers in this proposal and largely because of Canadian attitude expressed in House of Commons after espionage exposures, of wanting to be friendly as possible with Soviet Union.

5. Previous to U.K. motion U.S. delegate Blasdell, acting in Lubin's absence, stated the matter was important and should be carefully considered, and frankly discussed. During recess in session after my speech, he showed me draft of suggested amendment carrying out my suggestion for action in council instead of Sub-Commission. Lubin arrived in London later in day after Sub-Commission chairman had postponed decision till September 11th in hope Soviet delegate would then be instructed. Last night Lubin told me he thought Sub-Commission should make decision. He was of opinion General Assembly will be delayed and that Sub-Commission could postpone conclusion of its work till week beginning September 16, and that by then Russian delegate would be instructed. I think however this matter will be concluded by September 12 in which case Lubin will probably support U.K. resolution.

6. I should be glad to receive instructions as to action if Russian delegate is still without instructions when question finally dealt with. Considering everything, I favour maintenance of my attitude but am in position to take any action you desire. I fear that forcing of affirmative vote in Sub-Commission before Soviet delegate receives instructions will add to bitterness of debate in Council and could be the factor which would turn Soviet government against proposal.

534.

DEA-FAH/7-1946/1

*Extraits du projet de commentaire pour la délégation à la troisième session  
du Conseil économique et social des Nations Unies<sup>1</sup>*

*Extracts from the Draft Commentary for the Delegation to the Third Session of  
the Economic and Social Council of the United Nations<sup>1</sup>*

. . .

III APPROVAL OF AGREEMENTS BRINGING SPECIALIZED AGENCIES  
INTO RELATION WITH THE UNITED NATIONS

. . .

*Policy of Canadian Delegation*

21. It seems that the Economic and Social Council will present to the Assembly not "concluded" but "draft" agreements. At the Second Session of the Economic and Social Council, Canada supported the Soviet line that the agreement with the ILO spelled out in too great detail such matters of procedure as exchanges of documents, etc. (see Para. 8). While we would not be debarred from raising the issue again at the Assembly (in so far as all the agreements are concerned), it may be unwise to reopen the issue at the Assembly because it might result in a time-consuming argument in view of Mudaliar's attitude in the Council. To raise the issue in relation to the ILO agreement might be particularly unwise since it might provide the Soviet Union with an occasion for reviving the debate on the questions of principle involved in bringing the ILO into relation with the United Nations. On the other hand, these agreements may set a pattern for future agreements and it is clearly undesirable to put too much detail (which will require amendment) in a basic document of this nature. Consequently the Canadian delegation should strive for a simplification of the agreements if this can be accomplished without long debate and a postponement of the conclusion of the agreements.

22. Since the agreement with PICAQ is still fluid, the Canadian delegation to the Economic and Social Council might try to keep the agreement on broad lines and to leave as much detail as possible to be worked out by the chief administrative officers of the two organizations.

<sup>1</sup> Les parties du commentaire traitant du problème des réfugiés, de la sous-commission temporaire sur la reconstruction économique des régions dévastées, des accords entre les agences spécialisées et les Nations Unies, de la terminaison d'UNRRA, des accords sur les stupéfiants, de la conférence internationale sur la santé, du paiement des membres des commissions, du règlement intérieur et des navires sur le haut Danube ne sont pas reproduites parce que l'attitude du Canada envers ces questions n'est pas indiquée. L'attitude du Canada envers certaines de ces questions est indiquée dans le document 537.

<sup>1</sup> Parts of the Commentary dealing with the refugee problem, the Temporary Sub-Commission on Economic Reconstruction of Devastated Areas, agreements between specialized agencies and the United Nations, the termination of UNRRA, conventions on narcotic drugs, the International Health Conference, payment of members of the Commissions, rules of procedure and vessels on the Upper Danube are not printed because the Canadian attitude towards these issues is not indicated. Canadian attitude towards some of these issues is indicated in Document 537.

23. The proposals submitted by the Bank<sup>1</sup> (para 19 above) do not seem to meet the requirements of Articles 57 and 63 of the Charter since they would not result in bringing the Bank into relationship with the United Nations in any real sense. An effort should therefore be made to persuade the Bank to accept a compromise between their proposals and the kind of agreement negotiated with the ILO, FAO and UNESCO. This compromise might be called an "interim" agreement. It should certainly be less detailed than the other agreements but it should not be meaningless. The Economic and Social Council could be instructed by the Assembly to continue its negotiations with the Bank in an effort to bring down a more satisfactory agreement at the 1947 Assembly.

24. The Delegation to the Economic and Social Council should oppose the drawing up of an elaborate face-saving agreement with the Fund so hedged with qualifications as to be meaningless. It would be better to have a brief "interim" agreement, similar to that suggested in the preceding paragraph for the Bank.

25. The question of relations in budgetary matters is covered by Article 17 (3) of the Charter which states that the Assembly

(a) "shall consider and approve any financial and budgetary arrangements with specialized agencies..." and

(b) "shall examine the administrative budget of such specialized agencies with a view to making recommendations to the agencies concerned".

26. The Preparatory Commission was of the opinion that it was not intended that these provisions should confer on the Assembly power to control the policies of the specialized agencies, but that their purpose was to encourage and develop a large measure of fiscal and administrative co-ordination "in the interest of greater efficiency and economy in operation for the entire structure composed of the United Nations and of the specialized agencies related to it." The Preparatory Commission went on to say:

Each specialized agency would benefit from a close scrutiny by the General Assembly of the administrative budgets of all such agencies. Member Governments required to share the increasing costs of international organizations would be assured that precautions had been taken against avoidable duplication of effort and expense. The first part of paragraph 3 of Article 17 envisages varying degrees of relationship, from complete financial integration downwards, and the second part ... the minimum degree of relationship which should be included in the agreements with the specialized agencies.

27. The Canadian delegations to the Economic and Social Council and the Assembly should press for the effective carrying out of the second part so that the Canadian parliament and people can be assured that we have done all we can to ensure economy and effective control of the expenditures of international organizations of which Canada is a member.

<sup>1</sup> Banque internationale pour la Reconstruction et le Développement.

<sup>1</sup> International Bank for Reconstruction and Development.

IV LETTER OF AUGUST 31ST TO MR. MARTIN  
CONCERNING MEMBERSHIP ON COMMISSIONS

CONFIDENTIAL

Ottawa, August 31, 1946

Dear Mr. Martin,

One of the most important items on the agenda of the Economic and Social Council is the appointment of the governments who are to name representatives to serve on the various commissions of the Council. It will be necessary for the Canadian delegation to decide which commissions of the Council it would like Canada elected to.

2. The Council, at its New York meeting, decided to set up six commissions; these are referred to in item 12 of the agenda. It deferred to its next meeting the setting up of three additional commissions; these are referred to in item 19 of the agenda. One of these additional commissions is the Co-ordination Commission, which will probably be composed not of government representatives but of the Secretary-General of the United Nations and the Directors-General of each of the specialized agencies brought into relationship with the United Nations.

3. Thus, at most, the Economic and Social Council will have to select the members of the following eight commissions:

- Economic and Employment Commission
- Statistical Commission (12 members)
- Demographic Commission (number of members not yet decided)
- Social Commission (18 members)
- Fiscal Commission (number of members not yet decided)
- Commission on the Status of Women (15 members)
- Commission on Human Rights (18 members)
- Transport and Communications Commission (15 members)

4. It would seem to me that three considerations should be taken into account in determining which commissions we should seek membership on: the extent of our direct national interest in the work of the commission; the extent of the contribution which, because of special knowledge and experience, we may be able to make to the work of the commission; our ability to appoint a first-class representative.

5. There is also the question of how many commissions we could legitimately expect to be elected to. The only indication we have of the attitude of other governments to this question is that the Netherlands Government has indicated its preference for elections to the eight commissions, in the following order: Economic and Employment, Statistical, Transport and Communication, Social, Human Rights, Status of Women, Demographic, Fiscal.

6. A nuclear *Economic and Employment Commission*, of which Canada was a member, met during the second session of the Council. We were represented on this commission by Dr. Mackintosh. This is probably the most important commission of the Council and the one which is of most direct concern to us. I would think, therefore, that we ought to be represented on this Commission.

7. The Dominion Statistician and the Governor of the Bank of Canada have very strongly expressed the view that we should be represented on the *Statistical Commission*. They think that, as we are one of the more advanced countries in the field of statistics, we would be able to make a valuable contribution to the development of international co-operation in statistics.

8. The *Demographic Commission* is, like the Statistical Commission, of direct interest to the Dominion Bureau of Statistics. The Dominion Statistician is of the opinion that demographic knowledge is well advanced in Canada and that we are in a position to make a very creditable contribution in this field as well as in the field of statistics.

9. Dr. Davidson, the Deputy Minister of Welfare, and the Deputy Minister of Labour, think that we ought to be represented on the *Social Commission*. Dr. Davidson says that membership on the Social Commission is particularly important for us because of the expanding responsibility of the Federal Government in the field of social welfare.

10. Mr. Elliott, the Deputy Minister of National Revenue, thinks we should seek election to the *Fiscal Commission* for two reasons. The first is that we have developed in this country specialized knowledge concerning the relations between taxation and the movement of capital; the second reason is that Canada has so much material interest in the development of international agreements for reasonable and consistent practice in taxation. These views are concurred in by Mr. Eaton, the Director of the Taxation Division in the Department of Finance.

11. We have received representations from the Canadian National Council of Women and from the Canadian Federation of Business and Professional Women's Clubs, asking the Government to try to secure membership for Canada on the *Commission on the Status of Women*.

12. The work of the Commission on Human Rights can be very important. The section of the United Nations Secretariat which deals with this question is headed by Professor Humphrey, formerly of McGill University. I am sure that there are many Canadians who feel that we should be represented on this commission. Mr. Varcoe, the Deputy Minister of Justice, has given us a memorandum<sup>1</sup> concerning the work of the *Commission on Human Rights* in which he points out that if the commission is to do a good job it should include in its membership at least one of the nations of the British Commonwealth; otherwise the peculiar British approach to the problems of the protection of the rights of individuals will not be represented in the commission. He adds that, if only one Commonwealth country is on the commission it ought to be a federal rather than a unitary state in view of the difficulties which federal states will encounter in implementing by domestic legislation international agreements for the protection of individual rights. Mr. Varcoe also suggests that Canada is concerned in the work of the *Commission on Human Rights* because

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<sup>1</sup> Voir le document 530.

<sup>1</sup> See Document 530.

of the interest which has been shown in this country in the protection of minorities and the prevention of discrimination on the grounds of race, language or religion.

13. Neither the Department of Transport nor the Post Office has indicated that we should now seek membership on the *Transport and Communications Commission*. Possibly, therefore, membership on this commission might be put at the end of any list of preferences which is drawn up.

14. Before accepting membership on any commission we must, of course, be sure that the Government is in a position to name a first-class representative.

15. Dr. Mackintosh has been the Canadian representative on the nuclear Economic and Employment Commission. I do not know whether any consideration has been given as to whether he will be able to continue on the commission, but even if he cannot I am sure that, in view of the importance of the commission, we would be able to find a first-class representative from the Department of Finance or the Bank of Canada.

16. Since the Dominion Bureau of Statistics is the government agency primarily concerned with the work of the Statistical and Demographic Commissions, and the Dominion Statistician strongly urges that we secure membership on these commissions, I assume that there will be no difficulty in our appointing first-class representatives to these two commissions.

17. Dr. Davidson would be an appropriate member for the Social Commission, and Mr. Fraser Elliott, who was a member of the League Fiscal Commission, would be an appropriate member of the Fiscal Commission of the Economic and Social Council.

18. Since the Department of External Affairs has already had heavy drains on its resources, and since the commissions for the most part are of more concern to other Departments than to us, I think that we would not wish nor be able to provide representatives for any of the Commissions. So far as this Department is concerned, however, we would welcome the appointment of officers of other Departments to commissions since this would relieve us of the direct responsibility of ensuring that the work of these commissions was being properly followed in Ottawa.

19. It is obvious that we cannot secure membership on all the commissions and that the delegation will have to establish some order of preference before the elections are held at the Council meeting. I thought that you might like to have time to give the question consideration before you left Ottawa and that you might wish to consult your colleagues in the Government.

20. There is one further question concerning the membership of these commissions which I need not develop now, and that is the question of which other states the Canadian delegation should support for membership on the commissions. We have consulted the Departments of Government chiefly concerned and are having a note prepared for you on this subject. Canada has not had much success in getting the functional principles applied in prac-

tice in the elections to the Security Council and the Economic and Social Council. We might do our best to ensure that it is applied in the elections to the commissions of the Economic and Social Council.

Yours sincerely,

H. H. WRONG  
Acting Under-Secretary of State  
for External Affairs

V MEMORANDUM ON "THE RELATIONSHIP BETWEEN  
THE INTERNATIONAL BANK AND THE U.N."

Ottawa, September 6, 1946

Dear Mr. Reid,

RE: RELATIONSHIP BETWEEN INTERNATIONAL BANK AND THE U.N.

You will recall my speaking to you about this matter since returning from Washington last week, and saying that my opinion had changed somewhat since seeing the draft agreement between the Fund and the U.N. I no longer feel that the proposals of U.N. to the Fund and the Bank are mere hollow, deceptive documents, and, therefore, I would like to change the comments which I gave you some weeks ago. I had based my opinion too much on second-hand knowledge acquired from some of my colleagues in the Bank, who exaggerated the nature of the proposed contract of relationship. Sir James Grigg, in particular, had led me to believe that the contract which the Fund was proposing to enter into was so hedged about with qualifications that it was meaningless and somewhat deceptive. On looking at it, I came to the conclusion that while it would not bind either party to very much and really just set down on paper a lot of intentions to collaborate and cooperate, which might almost be taken for granted, nevertheless it was not misleading nor completely useless.

The situation as regards the Bank itself is that it has indicated to the U.N. its reluctance to enter into a formal agreement at the present time, but that it is willing to co-operate on an informal but effective basis pending the time when it can enter into a contract with the benefit of some experience and knowledge of the matters to be covered by such a contract.

As I understand the situation, there has been no real exchange of letters or memoranda even between the U.N. and the Bank setting forth their views on the matter, but there have been a number of discussions and verbal assurances by representatives of the Bank that they were prepared to cooperate with the U.N. I believe that in fact consultations between the staffs of the two organizations take place when there is a need for it, and the Secretary of the Bank, who was only appointed last month and only recently commenced his duties on a more or less full-time basis, is endeavouring to arrange for effective working contacts. Whether these informal working contacts will proceed to the extent of the Bank communicating its proposed

budget to the UN at the time it sends it to its own Board of Governors later this month, I do not know. I would hope myself that they might go so far as to send the proposed budget to the U.N. for their information, but I am not sure that the Bank will itself feel ready to do this as yet.

On the substance of the arrangements between the Bank and the U.N., I believe that the Bank sees no objection in principle to having an agreement, but the President and, to a considerable extent, a number of the Directors feel that it is too early for the Bank to make an agreement of this sort before it has really had any experience in dealing with the problems of liaison or, indeed, with its own problems. The Bank is still only in the process of organization, and all the senior personnel are not yet selected and at work. They have a great many other more urgent matters to think about than a formal agreement with the U.N. In addition to this, however, there are some important practical considerations of substance. The most significant is the danger that is felt that the U.N. may press on the Bank recommendations as to the loans that it should make in such a way as would interfere with the proper appraisal of proposals by the Bank itself. The Bank is not only an international executive agency, but one which is going to be forced to reach decisions of judgement on rather controversial questions of great material importance to certain of its members. It must be careful that the exercise of this judgement and the reaching of decisions in which the voting strength of the members has been carefully related to fairly objective economic criteria, are not distorted by pressures exercised through other agencies where the balance of power is somewhat differently distributed and where it may be difficult to give as careful and objective consideration to the issues involved in the proposals put forward. This same argument, of course, applies to some extent in the case of the Fund, but less strongly, I believe, because the Fund's questions are somewhat more technical and perhaps of a less controversial and political nature.

In addition the Bank has a special problem of its own, arising from the fact that it must borrow in the market or on its own credit. Its whole success in accomplishing the purposes for which it was established will depend on its ability to do this. It is most important that it behave in a way which will enable it to acquire and retain the confidence of those who must buy its securities. For this purpose, it must make evident that in the first place it is a reasonably independent and strong organization, controlled, it is true, by the nations who established it and operated through those whom these nations have appointed to its Board of Directors and the governing body which meets annually, but nevertheless having a separate existence in itself and able to discharge responsibilities and undertakings. If through entering into a contract of relationships with the United Nations it confuses in any way public opinion amongst those who are going to buy its securities in such a way as to lead them to believe that it will be subject to the controls or pressures of the U.N., which is a new organization itself, as yet unproven and greatly influenced as it inevitably must be by political rather than economic and financial considera-

tions, then it will considerably complicate and increase the problem of selling its securities. For this reason, it is bound to move more cautiously in associating itself with the U.N. than any of the other agencies, because they do not have this special problem to face.

My own recommendation would be that the Canadian delegation concerned with these matters from the U.N. side should understand the position of the Bank and should not endeavour to press it to enter into a formal contract with the U.N. before it feels itself ready to do so. I am inclined to believe that the contract of relationship can be reasonably simple, clear, and not such as to compromise in any way the Bank's situation from the point of view of the investment market, but it may take some time to put the contract into such a form and to convince those in the Bank that in fact it is quite safe from their special point of view. In the meantime, I do not believe that some delay in the case of the Bank need hold up the arrangements with other agencies.

Yours truly,

R. B. BRYCE

VI NOTE ON MEMBERSHIP OF COMMISSIONS OF THE  
ECONOMIC AND SOCIAL COUNCIL

[Ottawa,] September 5, 1946

This note is concerned with the suggestions which have been made regarding membership of countries other than Canada on the Commissions to be established by the Economic and Social Council.

1. STATISTICAL COMMISSION:

The Dominion Statistician considers that the following countries could contribute much to the work of this Commission: the United Kingdom, the United States, Sweden or Norway or Denmark, The Netherlands, France, Australia or South Africa, India (which has done pioneer statistical work in connection with illiterate population and would contribute advice concerning the statistical organization of other backward areas), Chile (which has a relatively advanced statistical organization among South American countries), Brazil or Mexico (which are, along with Chile, prominent in the Inter-American Statistical Institute). The Governor of the Bank of Canada makes no specific suggestions, but thinks that presumably some countries which do not yet have very good statistics but are anxious to improve should be included.

2. DEMOGRAPHIC COMMISSION:

The Dominion Statistician makes the following suggestions: the United Kingdom, the United States, Sweden, France, Mexico, Chile.

3. SOCIAL COMMISSION:

The Deputy Minister of Welfare, Dr. Davidson, acknowledges some difficulty in knowing what states to suggest for this commission. Among the

English-speaking countries he mentions New Zealand, the United Kingdom, the United States and Australia. Norway, Sweden and Denmark have all made outstanding contributions to the development of social policy. Czechoslovakia would have a great deal to offer. France, Holland and Belgium could make useful contributions. Of the South American countries, Dr. Davidson thinks that Chile, which has the reputation of having developed a fairly comprehensive social security programme, would serve as well as any other country, although Brazil and Mexico also have something to offer and could perhaps be considered alternatively with Chile.

#### 4. FISCAL COMMISSION:

Mr. Elliott, the Deputy Minister of National Revenue, has no specific suggestions to make, but thinks that in addition to the Big Four there should be representatives from "large geographical areas having the best developed economic viewpoint."

#### 5. TRANSPORT AND COMMUNICATIONS COMMISSION:

The Deputy Postmaster General would like to see represented on the Commission countries which have important international postal services, such as the United Kingdom, the United States, France and Brazil. The United Kingdom and the United States are also suggested by the Department of Transport.

#### 6. COMMISSION ON THE STATUS OF WOMEN:

A memorandum† prepared in the Department of External Affairs makes the following suggestions: the United States, the United Kingdom, France, China, India, Denmark, the U.S.S.R., Yugoslavia, or Greece, Chile or Brazil, Poland, the Lebanon, the Dominican Republic.

#### 7. COMMISSION ON HUMAN RIGHTS:

No suggestions have been made regarding membership on this Commission.

### VII TERMS OF REFERENCE OF COMMISSIONS OF THE ECONOMIC AND SOCIAL COUNCIL

[Ottawa,] September 5, 1946

#### STATISTICAL COMMISSION

1. The functions of the Commission, as defined by the Economic and Social Council, are to assist the Council:

(a) in promoting the development of national statistics and the improvement of their comparability;

(b) in the co-ordination of the statistical work of specialized agencies;

(c) in the development of the central statistical services of the Secretariat;

(d) in advising the organs of the United Nations on general questions relating to the collection, interpretation and dissemination of statistical information;

(e) in promoting the improvement of statistics and statistical methods generally.

2. The Dominion Statistician thinks that the terms of reference are adequate and, indeed, very comprehensive. He feels that functions (c) and (b) would require priority; (a) and (e) are long-term projects and would require a considerable amount of preliminary discussion, while (d) is a function which would develop gradually.

3. The Governor of the Bank of Canada agrees that the terms of reference are adequate. He would give priority to (a) and (c), and suggests that early attention be given to compilation by each country of figures of physical production and stocks in major lines. He also thinks that it would be very valuable to have for each country statistics of the local currency cost of certain standard family budgets.

#### SOCIAL COMMISSION

4. The terms of reference of the Social Commission, as approved by the Economic and Social Council, are:

(a) to advise the Council on social questions of a general character, and in particular on all matters in the social field not covered by specialized inter-governmental agencies;

(b) to advise the Council on practical measures that may be needed in the social field;

(c) to advise the Council on measures needed for the co-ordination of activities in the social field;

(d) to advise the Council on such international agreements and conventions on any of these matters as may be required, and on their execution;

(e) to report to the Council on the extent to which the recommendations of the United Nations in the field of social policy are being carried out.

5. The Deputy Minister of Welfare, Dr. G. F. Davidson, is not convinced that these terms of reference are wholly adequate. He feels that the effectiveness of the Commission's work will depend almost entirely on the degree to which it can establish satisfactory working relationships with the specialized agencies already operating. The avoidance of any reference in the report of the Interim Commission to social security programmes or economic maintenance programmes may be due to an assumption that the I.L.O. already covers this field and will be left with responsibility for it. If this assumption is correct, Dr. Davidson fears that the Social Commission will be merely a loose and relatively ineffective co-ordinating agency with certain specialized but minor responsibilities. He would prefer to see all the important areas of social policy brought within the scope of the Social Commission. With this important exception, he thinks that the terms of reference are reasonably satisfactory.

6. The two problems which should be given first attention by the Commission, in Dr. Davidson's opinion, are those of picking up the loose ends from UNRRA and of finding means of resuming the work formerly carried on by

the League of Nations Committee on Social Questions. Other problems are less urgent although probably of greater long-range importance. The Commission should at an early date commence the study of professional services forming part of social security programmes.

7. The Deputy Minister of Labour, Mr. A. MacNamara, also draws attention to the importance of the relationship to be established between the Social Commission and the I.L.O. In his opinion, unless there is close co-ordination or a clear division of the respective fields between the two agencies the new Commission will not achieve useful results. He feels that the question of priorities depends upon the settlement of the first question.

#### FISCAL COMMISSION

8. The functions of the proposed Fiscal Commission, as drafted by the Preparatory Commission of the United Nations, are to advise the Council on:

- (a) international taxation problems;
- (b) exchange of information among States on the techniques of government finance and on their social and economic effects;
- (c) fiscal techniques to assist the prevention of depressions or inflation;
- (d) such functions of the Fiscal Committee of the League of Nations as the United Nations may decide to assume.

9. Mr. C. F. Elliott, the Deputy Minister (Taxation) of the Department of National Revenue, thinks that these proposed terms of reference are adequate but feels that they should be reconsidered after experience has been acquired. He regards the functions of the Commission as of great importance. Attention should, he thinks, be concentrated on (a) and (b).

10. Mr. A. K. Eaton, Director of the Taxation Division in the Department of Finance, thinks that the question of foreign exchange control should be considered by the Fiscal Commission unless it comes within the purview of another Commission.

#### COMMISSION ON HUMAN RIGHTS

11. The Economic and Social Council defined the function of this Commission as that of submitting proposals, recommendations and reports to the Council regarding:

- (a) an international bill of rights;
- (b) international declarations or conventions on civil liberties, the status of women, freedom of information and similar matter;
- (c) the protection of minorities;
- (d) the prevention of discrimination on grounds of race, sex, language or religion;
- (e) any other matters concerning human rights.

12. The Department of Justice, in a memorandum, notes the very wide character of these terms of reference and sees no reason for restricting them.

The only criticism is that no mention is made of remedies or sanctions. The Department expresses no opinion about the relative importance of the various items. It observes that Canada might be particularly interested in (c) and (d).

#### TRANSPORT AND COMMUNICATIONS COMMISSION

13. The terms of reference approved by the Economic and Social Council are:

- (a) to assist the Council in its tasks concerned with transport and communications problems;
- (b) to advise the Council on the co-ordination of the work of specialized agencies in the sphere of transport and communications;
- (c) to report to the Council, on its request, on the work of any of the specialized agencies in the sphere of transport and communications;
- (d) to advise the Council in fields where no permanent international organization yet exists and on problems which concern more than one sphere of transport or communications;
- (e) to suggest to the Council the creation of new agencies, or the conclusion of new conventions or the revision of existing conventions;
- (f) on instructions of the Council and when so authorized by convention or agreement between the parties, to perform the task of conciliation in cases of disputes between States and (or) specialized agencies, on problems concerning international transport and communications where not dealt with by other means;
- (g) to perform such other tasks as the Economic and Social Council may require of it on any question concerning international transport and communications;
- (h) to assist the Security Council, if so desired by the Economic and Social Council, in accordance with Article 65 of the Charter;
- (i) to assist the Trusteeship Council, if so desired by the Economic and Social Council, in accordance with Article 91 of the Charter.

14. Mr. W. J. Turnbull, Deputy Postmaster General, regards these terms of reference as adequate. He is not aware of any particular field of work on which the Commission should concentrate during its first years of existence. He notes that the Universal Postal Union will be brought into a minimum relationship with the United Nations but will exercise complete autonomy.

15. The Department of Transport expresses no opinion on the adequacy of the terms of reference. The field of international telecommunications would be of most immediate concern to it.

#### COMMISSION ON THE STATUS OF WOMEN

16. The functions of this Commission are defined as follows:

To prepare recommendations and reports to the Economic and Social Council on promoting women's rights in political, social and educational fields. The

Commission shall also make recommendations to the Council of urgent problems requiring immediate attention in the field of women's rights.

17. A memorandum prepared in the Department of External Affairs observes that these terms of reference seem sufficiently broad and adequate. It suggests that attention should be directed to: (a) the establishment of an Executive Office; (b) a survey of laws pertaining to the status of women, which is a necessary preliminary to further progress; (c) political rights, since little progress can be made without them; (d) educational problems; (e) a Women's Conference, although this could wait for some time.

#### DEMOGRAPHIC COMMISSION

18. The United Nations Assembly decided that a Demographic Commission should be established to make studies and advise the Economic and Social Council on matters related to:

- (a) population growth and the factors determining it;
- (b) the effectiveness of policies designed to influence these factors;
- (c) the bearing of population changes on economic and social conditions;
- (d) the general population and migration questions.

19. In the opinion of the Dominion Statistician these terms of reference are adequate and give ample scope for the consideration of population problems.

20. The United Kingdom delegation have emphasized their conviction that the establishment of a separate commission for the study of population is amply warranted by the importance of the problems involved and also by the necessity for having fully qualified specialists in this field available to advise the Council. They have suggested changes in the terms of reference which do not alter their nature but have the effect of slightly enlarging their scope.

### VIII THE PROPOSED WORLD FOOD BOARD

#### STATEMENT OF THE ISSUE

1. The Economic and Social Council on June 21, 1946, adopted the following resolution:

THE ECONOMIC AND SOCIAL COUNCIL, BEING CONCERNED with urgent economic and social problems and with the task of coordinating the activities of specialized agencies;

HAVING TAKEN NOTE that the Food and Agriculture Organization of the United Nations, in order to assist governments and international organizations to implement the resolution on wheat and rice of the General Assembly of the United Nations of 14 February 1946, convened a special meeting on Urgent Food Problems in Washington, D.C., 20 to 27 May 1946, which was attended by representatives of twenty-one governments and of five international organizations; and

HAVING TAKEN NOTE of the report of the Special Meeting and, in particular, of the "recommendations on longer-term machinery" which call upon the Director-

General of the Food and Agriculture Organization to make a survey and proposals concerning longer-term international machinery, in the preparation of which he is requested to maintain close contact with the Economic and Social Council;

REQUESTS the Secretary-General to offer all possible assistance to the Director-General of the Food and Agriculture Organization at all stages, in making the survey and in preparing proposals concerning longer-term international machinery with reference to food with a view to ensuring that these proposals are in harmony with the broad pattern of the United Nations for international economic organization and co-operation; and requests the Secretary-General to report to the next session of the Council.

2. The report which the Secretary-General will make to the Economic and Social Council will raise some important issues. Discussion will turn on the scope, functions and powers of the World Food Board, which the Director General of the Food and Agriculture Organization, in accordance with the resolution of the special meeting on urgent food problems, has proposed should be set up.

#### BACKGROUND INFORMATION

3. When the world shortage of food, particularly cereals, first became critical at the end of 1945, international action was taken to mitigate its effects. On February 14th 1946 the General Assembly of the United Nations adopted a resolution urging all governments and people concerned to take steps to conserve supplies both directly and through the appropriate international organization.

4. A special meeting of the Food and Agriculture Organization was convened in Washington May 20-27 to consider both the short-term and the long-term problems. To meet the short-term problem the Combined Food Board was transformed into the International Emergency Food Council with an enlarged membership and expanded functions though still on an advisory and consultative basis. To meet the long-term problem the Director General was requested to survey existing machinery and submit proposals for any extension of the functions of existing organizations or any new organizations which the survey might indicate as necessary.

5. The proposals for a World Food Board, which the Director General, Sir John Boyd Orr, has prepared in accordance with this resolution will be under consideration at the Food and Agriculture Conference which will open in Copenhagen on September 2nd. They suggest the establishment of a World Food Board with power to:

a) stabilize prices of agricultural commodities on the world markets, including provision of the necessary funds for stabilizing operations;

b) establish a world food reserve adequate for any emergency that might arise through failure of crops in any part of the world;

c) provide funds for financing the disposal of surplus agricultural products on special terms to countries where the need for them is most urgent; and

d) cooperate with organizations concerned with international credits for industrial and agricultural development, and with trade and commodity policy, in order that their common ends might be more quickly and effectively achieved.

6. These very far reaching recommendations came as something of a shock. The United States Government expressed the opinion that:

- a) the financial obligations entailed might be very heavy;
- b) the type of operation proposed might tend to create the obstacles and restrictions to world trade which it was the purpose of the future international trade organization to remove; and
- c) the suggested functions of the World Food Board would cut across the activities of other international organizations.

7. The United Kingdom Government was unfavourably impressed by some of the proposals, such as the suggestion that supplies should be distributed as relief to needy nations, but indicated that the plans for the use of buffer stocks to stabilize prices were in accordance with previous United Kingdom policy and should receive the fullest consideration. It suggested, however, that the functions of the projected Board fell outside the scope of the Food and Agriculture Organization and, in order to avoid overlapping and confusion, the proposals should be considered by the international agency best able to take into account the issues affecting all specialized organizations in the field.

8. At the present time (August 28) the United States delegation to the Food and Agriculture Organization Conference has been instructed to move that a special committee to examine all the alternative proposals, including those for a World Food Board, be set up, and that the Conference do nothing that would prejudice its work (i.e. that there should be no endorsement in principle of the World Food Board programme). The committee would be asked to report to the Director General at the earliest possible moment, preferably by the end of 1946.

9. The United Kingdom delegation has been instructed to move that the proposals be immediately referred to the Economic and Social Council and thence to the Economic Employment Commission for urgent action. If the United Kingdom motion is adopted a debate may arise in the Economic and Social Council which will deal both with the substance of the proposals and the best method of handling them.

#### CANADIAN POLICY

10. The sweeping character of the proposals has led the Canadian Government to regard them with caution. It is felt that though the objectives sketched are admirable, the implications of the methods suggested have been insufficiently worked out. Final instructions to the Canadian delegation at the Food and Agriculture Organization Conference have not been drawn up, but will certainly not include any general endorsement of the proposals.

11. The United Kingdom Government has been informed that the Canadian Government would support the reference of the proposals to the Economic and Social Council as the best means of ensuring that they are considered in relation to the other pertinent international problems and in association with all the agencies competent in this field.

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#### X THE WORLD SHORTAGE OF CEREALS

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##### POLICY OF THE CANADIAN DELEGATION

18. *The International Emergency Food Council.* The Canadian Government has co-operated fully in the work of the Combined Food Board and will naturally continue to support its successor. Our system of centralized marketing through the Canadian Wheat Board and the other controls still in existence constitute an exceptionally effective means of carrying out the recommendations of the Council.

19. *The International allocation of cereals.* Since supplies to meet the deficit must come chiefly from North America, and since the marketing methods now pursued in the United States are not such as to permit firm programming more than a month ahead, the burden of a system of international allocation would fall chiefly on Canada. International allocation is therefore not favoured. The Canadian Delegation might take the stand that since it is the countries of North America, i.e. Canada and the United States, which dispose of the greater part of present exportable surpluses, the close cooperation through the International Emergency Food Council and the monthly programming now practised gives fully as good results as would be obtained by international allocation.

20. *Increase in Acreage planted to Wheat.* The Canadian view is that Canadian wheat acreage has already substantially increased and that any further extension would be at the expense of the acreage planted to coarse grains and would consequently have bad effects on other parts of the food programme such as meat and dairy production.

21. *Increase in the Extraction Rate for Flour.* The Canadian position is that any increase in the extraction rate would lessen the supply of mill feeds for livestock and, owing to the comparatively small part of the Canadian crop milled in Canada, would increase the world's exportable supply of flour very little.

22. *The World Food Board.* If the issue should be raised again at the United Nations Assembly, the Canadian Delegation might stress the interest of the Canadian Government in the stabilization of prices and rationalization of supply and to [*sic*] urge the need for early and full consideration of the best means to achieve this end. The World Food Board should be regarded as one proposal among the others which demand examination.

#### XI REFERENCES TO THE INTERNATIONAL COURT OF JUSTICE

1. The provisional agenda for the third session of the Economic and Social Council includes, as Item 7, the following:

Request to General Assembly for authorization to Council to request advisory opinion of International Court of Justice.

2. It is assumed that this refers to the procedure outlined in Article 96, paragraph 2, of the Charter, which provides that other organs of the United Nations, which may at any time be so authorized by the General Assembly, may also request advisory opinions of the Court on legal questions arising within the scope of their activities. It would therefore be within the terms of the Charter for the Economic and Social Council to seek the authorization proposed.

3. From the point of view of policy, as it does not appear that the International Court will be overburdened at the outset, and as the adoption of this method of direct reference from the Economic and Social Council would relieve the General Assembly of the labour of passing on each specific reference from the Economic and Social Council, it is felt that the Canadian delegation should support the proposal to seek authorization to refer legal questions, within the scope of the activities of the Economic and Social Council, direct to the International Court. If in future the International Court should become overburdened, this decision could be reconsidered.

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#### XV TRANSFER TO THE UNITED NATIONS OF NON-POLITICAL FUNCTIONS AND ACTIVITIES OF THE LEAGUE OF NATIONS

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#### ATTITUDE OF THE CANADIAN DELEGATION

17. There can be no doubt about the usefulness of the work accomplished by the Economic and Financial, and the Transit and Communications Organizations of the League of Nations. This work should be continued, and developed under the general direction of the interested Commissions of the Economic and Social Council. The Social Commission will also take over with advantage the work formerly undertaken by the League Advisory Committee on Social Questions. The data and experience accumulated will be useful to the various specialized agencies.

18. It is to be hoped that the United Nations will be able to secure the services of a considerable number of the League officials with long experience and specialized knowledge of the non-political activities of the League. Full use should also be made by the United Nations of the records, reports and statistical material collected by the League during the past twenty-four years. Most of this material is in Geneva. Some of it is at Princeton. The United Nations should continue, on a comparable basis, the League series of publications in the economic and social field.

XVI ARRANGEMENTS FOR CONSULTATION BETWEEN THE ECONOMIC AND  
SOCIAL COUNCIL AND NON-GOVERNMENTAL ORGANIZATIONS

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15. In general, while the encouragement of genuinely representative international non-governmental organizations is obviously desirable, it will probably be wise to scrutinize very carefully the character and credentials of all non-governmental bodies seeking special recognition or facilities from the United Nations.

16. If the question of still more extensive provisions for participation in the United Nations for the W.F.T.U. or other non-governmental bodies is again raised, and if the Canadian delegation decides to oppose this, it may be considered desirable to base this opposition on grounds more explicit and more forward-looking than most of the grounds put forward hitherto. The following considerations may be helpful.

17. While Canada would welcome proposals calculated to associate the peoples of the world more directly with the activities of the United Nations, and would not be opposed to such changes in the charter as may be found necessary to meet new needs in a changing world (supporting references could be quoted from Mr. St. Laurent's speech to the Assembly in January, 1946, and from the Prime Minister's speech in the House of Commons on December 17, 1945, on the Atomic Resolution), nevertheless the direction in which Canada would wish to see the United Nations develop is towards a world government with the Assembly presumably evolving towards a democratic world parliament directly representative of peoples on a geographic basis and with direct authority. All democratic countries have incorporated this principle of representation in their constitution.

18. Proposals to increase the special representation in the United Nations of selected interest groups on a corporative basis would appear to lay the foundation for an evolution in a very different direction. An analogous proposal in the national field would involve constitutional representation of occupational groups as such in national legislatures. This was typical of the fascist so-called "Corporate State". The use which the Nazis made of functional organizations in the development of fascist "fifth columns" will also not be forgotten. There is always some danger, in special formal recognition by the United Nations of non-governmental bodies, of encouraging the growth of propaganda pressure groups, which would offer tempting prizes to the surreptitious growth of totalitarian machine controls. The United Nations must be careful to avoid being put in the impossible position of having to assess competing claims and to scrutinize the credentials and representative character of private organizations claiming to represent various sections of the world's population.

19. All the Members of the United Nations have concerted the most careful rules of procedure to cover the admission of new Members to the United Nations and the scrutiny of the credentials of the official representatives of

Members to the United Nations. No equivalent scrutiny of non-governmental groups is possible. There are for instance no agreed standards for comparison of membership figures. There are no agreed standards for determining the real representative character of non-governmental groups in various parts of the world, or the truly representative character of the delegates of such unofficial bodies. Such assessment and such scrutiny could not be carried out effectively as it would inevitably involve trespassing on the domestic affairs of member nations.

20. While therefore recognizing that non-governmental functional organizations have a useful role to play in international life and that consultation with them will from time to time be desirable for appropriate specialized organs of the United Nations, it seems desirable that caution should be exercised in this matter. It is clearly essential that the right of speaking or voting in major United Nations' organs should in principle be reserved for the official representatives of peoples organized on a geographic basis, that is, in the well-recognized democratic manner. And while the Economic and Social Council should be free at all times to consult non-governmental organizations, as provided under Article 71 of the Charter, it should not be unduly fettered in advance or bound to permanent consultation on any too rigid basis with particular non-governmental bodies.

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#### XVIII LEAGUE LOANS

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8. The first consideration in determining the Canadian attitude on this question is whether the functions and powers of the League in connection with these loans are of a political or technical character. An examination of the list of these functions and powers remaining (as outlined in paragraph 3) makes it clear that they are technical. An inspection of the record of the borrowing countries shows that Hungary, Greece and Bulgaria defaulted and the bondholders had to content themselves with such settlements as the League Loans Committee could secure for them; Danzig and Estonia never defaulted so long as they remained politically independent; and default on the Austrian loan was avoided until the Anschluss of 1938 on account of the governmental guarantors putting up more money. Since the League was responsible in a general way for these schemes, although assuming no liability for loss to the bondholders, there would seem to be a moral justification for the successor of the League continuing any technical help within its power to salvage these loans. Furthermore, it would appear undesirable to allow these functions and powers to lapse in view of the new international plans that have been made for the provision of funds for reconstruction and development. In this connection, there is the possibility that, in accordance with the resolution adopted by the General Assembly of the United Nations in London, the functions and powers could be assumed by a specialized agency (in this case the Interna-

tional Bank for Reconstruction and Development). In any event, there seems a good case for Canada supporting the assumption by the United Nations or by some specialized agency which has been brought into relation with the United Nations of the League of Nations functions and powers in respect of League loans.

9. None of the League loans were subscribed for in Canada. Canada therefore has no direct national interest in protecting the bondholders.

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XX CO-OPERATION BETWEEN THE ECONOMIC AND SOCIAL COUNCIL  
AND THE TRUSTEESHIP COUNCIL

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5. A useful outline of arrangements on which such cooperation might be based was submitted to the Executive Committee by the United Kingdom delegates. (See *Report by the Executive Committee to the Preparatory Commission*, page 63.) The features of this memorandum which are of interest to the Economic and Social Council may be summarized as follows:

(1) Article 91 of the Charter should be construed to mean that normally the Trusteeship Council or the General Assembly will take the initiative in asking the aid of the Economic and Social Council. This, however, should not debar the Economic and Social Council—or any of the specialized agencies—from bringing to the notice of the Trusteeship Council any matters arising in trust territories which they believe may merit the attention of the Trusteeship Council.

(2) Just as the Permanent Mandates Commission of the League of Nations invited a representative of the I.L.O. to attend its meetings, the Trusteeship Council might invite a representative of the Economic and Social Council to be present during its sessions to serve in an advisory capacity, although without the right to vote. The Trusteeship Council and the Economic and Social Council might draw up an agreed list of subjects in the discussion of which the Economic and Social Council would be interested. The Economic and Social Council would be regarded as having a standing invitation to attend all meetings of the Trusteeship Council during which these subjects were to be discussed. It would be for consideration whether the representative of the Economic and Social Council should be present while the Trusteeship Council formulated its observations.

(3) In certain circumstances the Trusteeship Council might ask the Economic and Social Council or one of the specialized agencies to make a study of some particular matter arising out of an annual report on a trust territory or out of a petition, in order that the Trusteeship Council may have the results of the study before it when formulating its observations.

(4) There should be the fullest possible interchange of papers between the Trusteeship Council and the Economic and Social Council. It will be for the Secretariat of the United Nations to work this out as a part of the general machinery of internal coordination.

(5) An interchange of staff between the Trusteeship Department of the Secretariat and the Economic and Social Departments would be useful. A member of the staff of the Trusteeship Department might be appointed as permanent liaison officer with the staffs of the Economic and Social Departments, or vice versa.

## CANADIAN ATTITUDE

6. The Canadian delegation at San Francisco welcomed the decision of the Five Powers to recommend the creation of a Trusteeship Council as one of the principal organs of the United Nations, rather than a trusteeship commission subsidiary to the Economic and Social Council, which was the original plan of the United Kingdom delegation. It was felt that the body which supervised the administration of trust territories should report to the full General Assembly rather than to a body composed of only 18 members. At the coming session of the General Assembly however, the Canadian delegation should support any arrangements which will facilitate close and smooth working relations between the two bodies.

7. In all discussions of the work which the Economic and Social Council may do for dependent peoples it is important to distinguish clearly between the three classifications into which such peoples are divided. Some are inhabitants of trust territories, and for the welfare of all such peoples the Trusteeship Council will assume a special responsibility. Other dependent peoples are inhabitants of non-self-governing territories outside the trusteeship system. These peoples are referred to in Chapter XI of the Charter. The coordination of reports on their welfare is a function of the Secretary-General, and it is expected that the Economic and Social Council and the specialized agencies will have a more direct influence on their development than will the Trusteeship Council, whose work is to be confined to trust territories.

8. The third group of non-self-governing peoples are those who are found within the borders of sovereign states. No reports concerning their development are required by the United Nations. Unenfranchised Indians and Eskimos of Canada fall within this category, as do unenfranchised Indians, Eskimos and Negroes in the United States, the majority of the population of Algeria and special groups in several other countries, not excluding those which have a Soviet form of government. These groups are not mentioned in Chapters XI, XII, or XIII but come under the provisions of paragraph 3 of Article 1 of the Charter.

9. A United Kingdom delegate pointed out during the first part of the First Session of the General Assembly that the work of the Economic and Social Council, the I.L.O. and the specialized agencies would largely depend on the building up of standards of health, labour, nutrition and education and the economic and agricultural development of non-self-governing peoples within the boundaries of sovereign States as well as in colonial dependencies. Accordingly, although it is not likely that any firm decision can be made in the Economic and Social Council regarding assistance to be given the Trusteeship Council before the latter has begun to function, the Canadian delegation should not feel that there need be any delay in considering the means by which the Economic and Social Council itself can aid dependent peoples in the second and third categories mentioned above.

535.

DEA/5475-BQ-40

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM CG-586

New York, September 12, 1946

ECSOC No. 2. Following from Economic and Social Council, Begins:  
Following from Riddell, Begins:

1. Delegation has considered question of membership on Commissions, which appears on agenda tentatively for Saturday. Our view is that we should seek membership on following Commissions in order shown:

- (1) Economic and Employment.
- (2) Statistical.
- (3) Social.
- (4) Fiscal.

2. United Kingdom has named Canada in its lists for all those Commissions except Statistical. We are considering suggesting to United Kingdom that they transfer us on their lists from Human Rights Commission, where they have placed us, to Statistical Commission. Before doing so, however, Mr. Martin wishes to know opinion of Mr. St. Laurent as to importance which latter attaches to our seeking membership also on Human Rights Commission, particularly in light of remarks made in letter of August 26th<sup>†</sup> from Mr. Varcoe concerning debate in House on proposed Bill of Rights. Ends. Message ends.<sup>1</sup>

536.

DEA/5475-W-40

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 436

Ottawa, September 25, 1946

CONFIDENTIAL. Following for Hon. Paul Martin from Wrong, Begins: I have spoken to Mr. St. Laurent on the question of our possible membership on the Human Rights Commission which Riddell has told me about this morning. Mr. St. Laurent feels that it would be best for us not to seek initial membership on this Commission in view of the great extent of its mandate, the possibility of protracted discussion on vague issues, and the uncertainty of its real usefulness. He thinks that we should see how it develops and only consider pressing a claim in the light of its experience.

<sup>1</sup>La note suivante était écrite sur ce télégramme:

<sup>1</sup>The following note was written on the telegram:

Mr. Robertson spoke to Mr. St. Laurent who held no strong views—no reply was sent to this message. J. S[TARNES] 20 Sep[tember], 1946

2. I fully agree with this view and I believe that we should find it very difficult to instruct a Canadian member, and to explain to the public our position, on the matters which may come before the Commission. Ends.

537.

DEA-FAH/7-1946/2

*Extraits du Rapport de la délégation à la troisième session du Conseil économique et social des Nations Unies*

*Extracts from the Report of the Delegation to the Third Session of the Economic and Social Council of the United Nations*

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ELECTIONS TO COMMISSIONS.

14. Because of the decision that members of Commissions should be representatives of governments, the election of nominating states for these Commissions, which took place during the Third Session, had, in no sense, the object of establishing an efficient body of experts. Balanced representation of groups of states and geographical areas was the basic consideration in the elections, and the best that could be achieved in the application of the functional principle was an occasional reference to states with a record of accomplishment in some particular field. Because of the complicated nature of the election—eight Commissions with a total of 120 members—the chairman postponed the holding of elections as long as possible in order that efforts might be made to work out an agreed list. Such a list was produced during the last few days of the Session and was accepted in its entirety by most of the delegations. Consequently, the results of the voting reproduced exactly the slate which had been agreed upon in informal consultation. It appears, however, that in the voting, some of the Latin American countries transferred their votes from Eastern European to other Latin American states, with the result that, in the results of each poll, the votes cast for the Eastern European states tended to be less than in the case of those for other states, though sufficient to ensure election.

15. The agreed list on which the elections were based was worked out in consultation between the three Great Powers, which, in turn, represented the interests of other members of the Council. The Canadian delegation indicated to both the United States and United Kingdom delegations its desire to be, if possible, on the Economic and Employment, the Statistical, the Social and the Population Commissions. At one time, the United Kingdom proposed that we should give up our place on the Statistical Commission in order that Australia might become a member of that body, and that we should instead accept membership on the Human Rights Commission. After consulting the Department, the delegation re-affirmed the view previously stated that Canada would prefer not to be on the Human Rights Commission and wished, if possible, to be included on the Statistical Commission. When the balloting was taken, Canada was elected as a nominating state to all four Commissions on which she had sought membership.

16. The results of the election, together with the length of term established by lot in the case of each state, are as follows:

(a) Economic and Employment Commission:

Belgium (2 years), Canada (3 years), China (3 years), Cuba (4 years), France (2 years), India (3 years), United States (4 years), U.S.S.R. (4 years), Australia (4 years), Brazil (2 years), United Kingdom (2 years), Czechoslovakia (3 years), Norway (3 years), Byelorussian S.S.R. (4 years), Poland (2 years).

(b) Transport and Communications Commission:

Chile (3 years), China (3 years), France (3 years), India (2 years), Netherlands (2 years), United States (4 years), Norway (3 years), United Kingdom (2 years), Brazil (2 years), Egypt (4 years), U.S.S.R. (4 years), Czechoslovakia (4 years), Union of South Africa (3 years), Poland (2 years), Yugoslavia (4 years).

(c) Statistical Commission:

China (2 years), France (4 years), India (3 years), Norway (4 years), United Kingdom (4 years), Canada (3 years), Mexico (3 years), Netherlands (2 years), United States (2 years), U.S.S.R. (2 years), Turkey (4 years), Ukrainian S.S.R. (3 years).

(d) Human Rights Commission:

Belgium (4 years), Chile (4 years), France (3 years), United Kingdom (2 years), Australia (4 years), China (2 years), Egypt (3 years), India (3 years), Uruguay (2 years), United States (4 years), Philippine Commonwealth (4 years), U.S.S.R. (3 years), Lebanon (2 years), Panama (2 years), Byelorussian S.S.R. (2 years), Iran (3 years), Ukrainian S.S.R. (3 years), Yugoslavia (4 years).

(e) Social Commission:

Canada (4 years), China (4 years), Denmark (4 years), France (2 years), Netherlands (3 years), United States (2 years), Czechoslovakia (2 years), New Zealand (3 years), Peru (3 years), Union of South Africa (2 years), Colombia (3 years), Ecuador (4 years), Greece (2 years), Poland (4 years), U.S.S.R. (2 years), United Kingdom (3 years), Yugoslavia (3 years), Iraq (4 years).

(f) Commission on Status of Women:

United Kingdom (3 years), India (2 years), Australia (2 years), Denmark (4 years), France (4 years), U.S.S.R. (3 years), United States (3 years), Venezuela (4 years), Costa Rica (4 years), China (2 years), Turkey (4 years), Syria (3 years), Mexico (3 years), Byelorussian S.S.R. (2 years), Guatemala (2 years).

(g) Fiscal Commission:

China (4 years), Colombia (3 years), France (4 years), United States (2 years), Belgium (2 years), U.S.S.R. (3 years), United Kingdom (4 years), Cuba (3 years), Czechoslovakia (2 years), India (2 years), New Zealand (2 years), Union of South Africa (4 years), Lebanon (3 years), Poland (3 years), Ukrainian S.S.R. (4 years).

(h) Population Commission:

France (3 years), Peru (4 years), United States (2 years), U.S.S.R. (2 years), Australia (3 years), Brazil (4 years), Canada (3 years), China (2 years), United Kingdom (2 years), Netherlands (4 years), Ukrainian S.S.R. (3 years), Yugoslavia (4 years).

## CONTINUATION OF THE WORK OF UNRRA

69. Discussion of the report of the Sub-Commission on Devastated Areas was understandably associated in the minds of Council members with provision for continuing the work of UNRRA. These questions were considered together in a set of resolutions brought in by the same Sub-Committee (Document E/211).<sup>1</sup>

70. The Eastern European countries were anxious to recommend that the work of UNRRA should be continued. The United Kingdom and United States delegations, however, were insistent that no recommendation should go forward from the Council either for the continuation of UNRRA or for the establishment of any agency similar to UNRRA for the purpose of carrying out relief work on no matter how limited a scale. The Council, therefore, merely sent forward to the Assembly its endorsement of the resolution which had been carried by the Council of UNRRA at its Fifth Session in August 1946. This resolution asks the Assembly to establish or designate some agency, the purpose of which shall be to review the needs for relief in 1947 and to make recommendations as to the financial assistance which might be required to meet these needs.

71. The terms of the Council's resolution were discussed between members of the Secretariat and the Canadian Delegation and also between members of the Canadian Embassy in Washington and officials in the State Department who are concerned with relief problems. As a result of these discussions, an amendment to the resolution was presented by the Canadian Delegation. This amendment requests the Secretary General to undertake immediately the collection and analysis of information concerning relief needs for the year 1947. The purpose of the resolution is to make it possible for the Secretariat themselves to commence the studies which will later become the concern of the agency nominated by the Assembly. The United Kingdom Delegation was opposed to this amendment, fearing that the activity of the Secretariat might prejudice the conclusions of the agency appointed by the Assembly to carry out the proposed investigations.

72. The Canadian amendment assumes that the preparatory work done by the Secretariat shall be made available to the agency nominated by the Assembly rather than to the Assembly itself. It is expected that when the Assembly meets, it will nominate some existing body or create some new body to carry out the investigation which has been recommended. The results of this investigation together with any accompanying recommendations will then be communicated directly to governments for any action which those governments may think it advisable to take, either directly through their own relief organizations or indirectly through such bodies as the International Bank.

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<sup>1</sup> Voir Nations Unies, Conseil économique et social, *Procès-verbaux officiels*, première année, troisième session, supplément 9, annexe 33.

<sup>1</sup> See United Nations, Economic and Social Council, *Official Records*, First Year, Third Session, Supplement 9, Annex 33.

## APPENDIX A

ADDRESS BY THE HONOURABLE PAUL MARTIN BEFORE THE  
ECONOMIC AND SOCIAL COUNCIL ON THE REFUGEE PROBLEM  
NEW YORK, SEPTEMBER 17th, 1946

MR. CHAIRMAN,

1. Your decision to permit this discussion to proceed along general lines has, I think, on the whole been fully justified because we have had, generally speaking, thoughtful and constructive proposals with respect to this matter. It is encouraging to realize that the wide and sympathetic interest in refugees, which was first shown at the meetings of the General Assembly at the beginning of this year, has grown and been intensified as the problem has been investigated, and as plans for the future have been made.

2. It has been the view of the Government of Canada throughout all of these discussions that the question of refugees could be solved only through co-operation amongst the United Nations in the fullest degree possible. The condition of a million people who have been left homeless in Europe is as great and pressing a problem of relief as any of the others that have emerged after victory. It appears to us that the refugee problem should be regarded as part of the larger problem of relief and rehabilitation, and should accordingly be so treated. The repatriation of displaced persons who have homes to which they could go was accomplished by a phenomenal act of international co-operation for which the occupying authorities deserve a large share of the credit. The creation of UNRRA dealt with still another general aspect of the problem. It has been suggested in this debate and elsewhere that assistance should be given to the resettlement of refugees returning to their homeland in Eastern Europe; but this relief has already been given indirectly in many thousands of cases through the operations of UNRRA, which has helped to provide the means necessary for rehabilitation in these areas. The new refugee organization is now required to complete a portion of the work amongst displaced persons which the Allied military authorities and UNRRA are unable to carry to a conclusion—that is, the repatriation or resettlement of those who still remain. If this work is not done, it will be necessary to turn loose on the cities and roads of Germany and Austria a great company of homeless people of Allied origin. Quite apart from humanitarian principles which make it imperative to take care of these people, there is also the important practical consideration that the peaceful recovery of Europe might well be hindered and delayed indefinitely if a million non-German refugees were to be abandoned to their fate in occupied territory. I do not think that this is a problem which can be separated from the other two—repatriation and relief—which have now been so largely accomplished, and I feel sure, and my Government feels sure, that the demands of our responsibilities towards refugees will command the same measure of general support as in the case of the others.

3. Now, Sir, these decisions which we are taking will involve all of us in heavy financial responsibilities. The Report of the Committee on Finances will

receive special consideration later on, and it is not therefore necessary for me at this moment to consider in detail this question. I will, however, have something to say later on behalf of my Government in regard to the proposed scale of contributions to the budget of the International Refugee Organization, and I have noticed that other delegations have expressed concern in regard to some aspects of the Report of the Committee. I may say that with regard to this financial consideration I have to reserve the position of my Government. At this stage however I think I should say that we feel it necessary to say a word of warning concerning finances. The mounting costs of international undertakings is already a cause of concern, and I am sure that if the scale of contributions to refugee organizations is to prove acceptable to member states it will be necessary to demonstrate that every item in the budget is essential and that it is set at the lowest possible figure. For this reason the proposed budget of the new organization should be scrutinized with the greatest care. Whatever the final decision, the financial obligation will be a large one for all of us. I think it can be met only if the responsibility is fully shared on the same wide international basis as has characterized the response to other problems that have emerged from the war.

4. I may say that, after listening to the delegate for Peru the other day, I shared somewhat the sympathy expressed by Mr. Baker, of the United Kingdom delegation, when he said that without agreeing to the full embrace of the Peruvian delegate's speech he found a great deal of common interest and support in what the delegate from Peru had said, and I may say that I think the delegate for Peru has served and made a great contribution in this debate by pointing out that perhaps the great objective that we have all in mind, and which my Government wants to support, can be effectively achieved without creating unnecessary organization, particularly in the interim period—an organization which may prove to be more costly than the circumstances warrant.

5. It will be necessary for the new Refugee Organization and for the officials who undertake responsibility for interim measures to secure the fullest possible information in regard to the possibilities of resettlement. It may prove however that no single method for receiving refugees will be acceptable to all countries where immigration is possible. The suggestion has been made from various quarters that certain states should express their willingness to take specified quotas of immigrants. The Government of Canada will be prepared, I am sure, to examine in detail any proposals which may emerge in this connection. Immigration by quotas however has not been the traditional method of regulating the movement of people into Canada. In our case, therefore, as in the case of some other countries, it may prove that the admission of refugees can be arranged more readily through the adjustment of the existing immigration system than through the adoption of measures which cannot readily be reconciled with that system. In Canada immigration is based on the admission of categories of persons, who by reason of their places of origin or their training may most quickly be absorbed into our economic and social life. It is true that during the war, as an emergency measure, some 3,500

homeless people were given temporary refuge in Canada and that these persons have recently been granted permanent landing, together with the right to apply for full Canadian citizenship. It is true also that arrangements are now being made to admit to Canada 4,000 veterans of the former Polish Army in Western Europe who are unwilling to return to their homeland. These men, who will be selected amongst single agricultural workers, will in due course, unless life in Canada proves unacceptable to them, be eligible to become Canadian citizens. They will also eventually have the same privileges as other residents of Canada of bringing their close relatives to our country. This method of admitting immigrants is not however the procedure normally followed by the Government of my country. We have recently taken other steps which are in keeping with our immigration regulations and which we expect will result in the admission of several thousands of refugees. Provision has now been made for the admission to Canada of certain categories of relatives of residents in Canada who can provide the prospective immigrants with homes and with maintenance. These groups are: mothers and fathers, unmarried brothers and sisters, unmarried children, nephews and nieces who are orphans and who are below the age of sixteen years. We are not yet certain how many people will come to Canada as a result of these changes in our regulations—changes in our regulations which are now effective, I might add—nor is it certain how many of those who come will be refugees. There are, however, indications that the numbers will run into many thousands, and we know that of these a very considerable number is now in Displaced Persons Camps. We fully expect that when it becomes possible to move these people to Canada we shall be making an initial contribution of some magnitude towards the problem of resettlement of displaced persons. In the meantime, a careful scrutiny of the Canadian immigration system is being made with a view to considering the policy which should be followed in the post-war period.

6. Mr. Chairman, I should like at this point to make one observation as to the purpose of the new refugee organization. On Saturday morning we were reminded that repatriation must continue to be the primary objective of all organizations which were working in the field of refugees, and we were reminded earlier last week by the very able speech of Mr. La Guardia of this fact likewise, and it seems perhaps desirable to recall to the Council's attention that when the first Assembly of the United Nations was held in London of this year the Refugee question was on the agenda, and it became a subject of long and vigorous debate in the third committee of the Assembly. That debate revealed a sharp divergence of view concerning the extent to which aid should be given to people who had been displaced as a consequence of the war and who are now refusing to return to their places of origin in Eastern Europe. There was, however, it seems to us, general agreement on the following four points: (1) the problem of Refugees is an international responsibility; (2) repatriation should be carried out to the fullest extent possible; (3) no genuine refugee should be forced to return to his place of origin against his will; (4) no aid should be extended to war criminals, Quislings, or traitors.

I think it is important to remember that debate in those decisions. I should like to assure my Soviet colleague that we are in full agreement that as many people as possible in Displaced Persons Camps should be encouraged to return to their countries of national origin. There has already been ample indication that the full number of refugees now in Displaced Persons Camps can be placed in new homes abroad only with the greatest difficulty. The movement of large numbers of people across oceans to new continents and the assimilation of these people in new environments is both costly in money and in human effort. We are all concerned over the magnitude of this problem and we have good reason for supporting the view that repatriation must be accomplished to the fullest extent possible. I therefore fully concur that wherever possible obstacles which stand in the way of voluntary repatriation must be removed.

7. In the meantime, with so many decisions of major importance still to be taken, both in regard to the establishment of the new refugee organization and in regard to the policies which various countries will adopt towards this organization when it comes into existence, there is very great need for interim measures of a kind which have been suggested in the paper presented on this subject by the Secretary General. We have examined this document with care, and we are grateful to know that the Secretariat has given so much attention to it. The Canadian delegation would be happy to hear a further and more general expression of opinion in regard to the measures proposed in the interim period, and would particularly like to see in greater detail the way in which the work of the proposed interim commission will be integrated with that of the Intergovernmental Committee on Refugees and of UNRRA. We must not forget that we have already in existence two international organizations charged with the responsibility for work amongst refugees. Would it not be most unfortunate if, through the creation of the interim commission which has been proposed, a third international body should now be given responsibility in this field? It would appear to us therefore that much would be gained during the interim period by leaving with the two organizations which are already in existence, the IGC and UNRRA, full responsibility for operations for the maintenance and resettlement of refugees. The activities of the Secretariat would thus be confined with administrative measures preparatory to bringing the new refugee organization into existence and commencing its work. I know that we are all desirous of seeing the International Refugee Organization brought into existence at the earliest possible date, and if we achieve this end, there will be less need for interim measures of an elaborate kind. For this reason, and for the reasons so cogently brought to our attention by Mr. La Guardia, if we are to achieve this end, I think there will be less need for interim measures of an elaborate kind, and if we can avoid over-organization, or over-expenditure, or over-assignment in the interim period, I think that it will meet more readily the wishes and the opinions expressed in this Council. For this reason, Mr. Chairman, as well as for the even more compelling reason that thousands of homeless people wait for early action, I would urge upon my colleagues here and upon other members of the United Nations

that we establish this Body as quickly as we possibly can to meet this very great problem, which, I say again, was brought to our attention in such a forceful way by Mr. La Guardia. My country is prepared, within the ambit of the reservations I have made, of playing its full part as one of the Member States in the international community which we are seeking to create.

#### APPENDIX B

ADDRESS BY THE HONOURABLE PAUL MARTIN WHEN THE REPORT ON THE NARCOTIC DRAFTING COMMITTEE WAS SUBMITTED TO THE ECONOMIC AND SOCIAL COUNCIL MEETING, NEW YORK, SEPT. 26, 1946

1. The Draft resolution and the draft Protocol before the Council propose measures required for the formal transfer to the United Nations of the powers and functions exercised before its dissolution, by the League of Nations under international narcotic conventions and also to ensure the continuity of the international control of narcotics.<sup>1</sup>

2. This control, based on international conventions ratified by some sixty-seven governments, functioned without interruption throughout the war. The international administration instituted under these conventions was in a position to watch all international and national transactions in narcotics during the past twenty years and its endeavours to limit the use of narcotics to medical and scientific needs met with a considerable measure of success. The work done in this field also proved conclusively that only through the combined efforts of all nations is it possible to control an evil which is international in character.

3. Under the Resolution adopted by the First General Assembly on February 12 last, and the Resolution of this Council on February 16 concerning the non-political functions and activities of the League of Nations, the Secretary-General was directed "to take the steps necessary to the provisional assumption and continuance of the work hitherto done by" the opium section of the League of Nations and the Secretariats of the Permanent Central Opium Board and the Supervisory Body.

4. It is our understanding that, in pursuance of these decisions the Secretary-General has made the provisional administrative and financial arrangements necessary to ensure the continuance of the international control of narcotics.

5. The Commission on Narcotic Drugs, established by the Resolution of this Council of February 16 and in accordance with its decision of February 18, will carry on the functions of the former Opium Advisory Committee of the League of Nations.

6. A special Narcotics Division, established by the Secretary-General within the Department of Social Affairs, is continuing the work previously discharged by the Opium Section of the League of Nations.

<sup>1</sup> Pour le texte de l'adhésion du Canada à ce protocole voir Canada, *Recueil des traités*, 1946, N° 50.

<sup>1</sup> For the text of Canada's adherence to the Protocol see Canada, *Treaty Series*, 1946, No. 50.

7. After consultation with the President of the Permanent Central Opium Board and the Chairman of the Supervisory Body, the Secretary-General took provisional measures to ensure the functioning of these international bodies and their secretariats under the auspices of the United Nations as from September 1, 1946.

8. In the desire to simplify, within the provisions of the existing conventions, the administrative machinery of international narcotic control, and in accordance with the ideas put forward during the First General Assembly of the United Nations, the Secretary-General brought about a fusion of the Secretariats of the Permanent Central Opium Board and the Supervisory Body as from September 1, 1946.

9. It will be seen therefore that the United Nations has provisionally assumed full responsibility for the continuance of international narcotic control.

10. This is a gratifying result and the Secretary-General is to be congratulated upon having, in a relatively short period of time, brought these negotiations to a successful conclusion.

11. The two draft Resolutions and the draft Protocol now before the Council are intended to provide a legal basis for the provisional measures taken by the Secretary-General, and to give effect to the decision of the General Assembly of February 12 concerning the steps necessary to ensure the uninterrupted exercise of the functions and powers of a technical and non-political character vested in the League of Nations by virtue of international agreements relating to the international control of narcotic drugs.

12. Canada has given careful consideration to these draft Resolutions as they stand [and to] the draft Protocol and its annex and approves the procedure proposed therein.

13. We have been asked also to consider a proposal that the Spanish Government should be excluded from the application of the international narcotics conventions. Mr. Chairman, we are all agreed that the benefits and privileges of the United Nations should not be extended to any nation which has not qualified for full membership. This is not a question, however, of granting a measure of benefit to any particular country. It is a proposal for the continuation of a joint effort to solve a technical international problem. The solution of that problem, it seems to me, should be pursued by the most efficient means possible, and the barriers which we raise to illicit trade in narcotics should be made as high and as extensive as we can make them. Surely this purpose will only be impeded by the exclusion of any part of the world from the controls which these conventions impose. This is especially true if we realize that these conventions are ones which have been operating now for many years. The arbitrary exclusion of one country will mean that a part of the world which is now within the scope of these controls will fall outside them. If we adopt this proposal, we shall be saying in the case of this one country, Spain, the trade in narcotics shall be free of any of the inhibitions which inter-

national action provides through the medium of the Permanent Central Opium Board and the Supervisory Body.

14. Canada has always taken an active part in the international control of narcotics and is a signatory to every international convention on the subject. It seems to us that the exclusion of Spain from the existing international machinery would be a retrograde step. Without wishing in any way to give place or position to Spain amongst the United Nations, it is my opinion that no step should be taken which would eliminate Spain from the continuing activities of the international narcotic control machinery by which she has been bound for more than twenty years past.<sup>1</sup>

#### APPENDIX C

STATEMENT BY THE HON. PAUL MARTIN, TO THE ECONOMIC AND SOCIAL COUNCIL ON THE PRELIMINARY REPORT OF THE SUB-COMMISSION ON THE RECONSTRUCTION OF DEVASTATED AREAS, NEW YORK, SEPTEMBER 26, 1946

Mr. Chairman,

1. Like other delegates, I would like to congratulate the temporary Sub-Commission and its Secretariat on the report which they have produced.<sup>2</sup> Whatever other impressions we have, I think all of us have been rather astonished that so good a report could have been prepared in so short a time. It hardly seemed possible in June. I am also impressed by the evidence in the report of a spirit of co-operation among the nations of Europe and a recognition that they have a mutual interest in each other's problems and prosperity.

2. A query was made yesterday as to why the United States should be so anxious to participate so actively in this matter. We heard Mr. Winant's reply to this question. Apart altogether from the reason given by the U.S. delegate, I wish to observe that it is a most heartening sign to know that a nation so important in the world's economy as the United States has played and is prepared to continue to play an important role in this matter.

3. The questions discussed in this report are not academic or philanthropic questions to my country. It ought not to be necessary to emphasize Canada's interest in the sound and speedy settlement of Europe's economic problems. We have had throughout our history a free and mutually advantageous trade with Europe, except in those days when Nazi Germany strangled the external

<sup>1</sup> Le Canada s'est abstenu lors du vote pour exclure l'Espagne. Voir Nations Unies, Conseil économique et social, *Procès-verbaux officiels*, première année, troisième session, neuvième séance, 26 septembre 1946, p. 61.

<sup>2</sup> Voir Nations Unies, *Documents officiels de la deuxième partie de la première session de l'Assemblée générale*, supplément 3.

<sup>1</sup> Canada abstained on the vote to exclude Spain. See United Nations, Economic and Social Council, *Official Records*, First Year, Third Session, Ninth Meeting, September 26, 1946, p. 61.

<sup>2</sup> See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Supplement 3.

trade of Europe, and as the Sub-Commission has said, "bent" the European economy to the purposes of war.

4. We were in the war from the beginning to the end, and the part which our 12,000,000 people were able to play in providing men, food, materials, and equipment is ample evidence of the realization of the average Canadian that the threat to Europe was a threat to him.

5. While the International Bank and Monetary Fund have been awaiting agreement and building up their organization, the Canadian Government has extended credits of some hundreds of millions of dollars to European countries for needed supplies and reconstruction.

6. I do not mention these facts as a basis for any claim to membership on the proposed commission. We are not seeking membership. I mention them as a visible evidence of the Canadian interest and of our belief in the advantage to us of a settled and prosperous Europe.

7. I agree with our colleague, Dr. Chang, that matters now before us are the "real thing". Particularly, the "real thing" is the work of this Council in reconstruction of devastated areas. To me this is the basic task of the Council—to seek to repair devastation and to try and restore the working economy of the world. Whether it be devastation of human lives, which is the humanitarian aspect of the refugee problem, whether we deal with devastation of property and services, or devastation of economics and states, by our action we are laying the foundation for a lasting peace.

8. The measures which we agree upon can be the means of opening the gates of the future to millions of people—a future largely free from the economic causes of war. The opportunity which we have is the very reason why this Council was formed.

9. Aside from the principle involved here there is little hope of true security for any nation or any people. We all know there is no real lasting gain for any nation in fighting a war. Victor and vanquished alike are subject to the remorseless reckoning that follows such a conflict. After the moral and physical destruction of a war, follows the terrible and lasting effect of loss of hope.

10. We must nourish and inspire nations which have suffered in this war in the belief that the conditions which produced it will not again prevail. That is the positive task of this Council. Treaties, signatures, words will not suffice. We are dealing with the economic reconstruction of states devastated by war. Upon what we are able to do and the measures which we are able to put in motion, the real hope for the future depends.

11. The Sub-Commission has made a large number of suggestions and comments, some of them, I think, are more important and more applicable than others, but I do not intend to comment in detail on them. I would like to say, however, I was particularly glad to see the stress which the Sub-Commission laid on the need for re-establishing multi-lateral trade and of

discouraging the use of mere bi-lateral agreements except as the most temporary expedient. Europe has been impoverished by war, by the pressure of population, and by the loss of resources. If, in addition, she impoverishes herself by confining her trade to narrow bi-lateral channels she will face a meagre and haunted future.

12. It is quite clear that the major question which calls for comment is that of the proposed Economic Commission for Europe. In this regard there were a number of things said by the delegate of China, in his vigorous statement, with which the Canadian delegation would agree fully. In the first place, we would agree that we are now beginning to discuss the "real thing" for which this Council was created. We believe that we should think of it in real terms and that we should be prepared to go ahead. I assume from the Sub-Commission's report and from what has been said here that the European countries themselves are anxious to work together and see important possibilities of mutual help within the frame-work of this proposed Commission.

13. In the second place, like our Chinese colleague, we are not prepared to see the continuing economic work of U.N. delegated to regional councils. This is not the intent of the Charter, nor is it in accordance with the facts of world development. I do not think, however, that the initiators of this proposal had any such regionalization in mind. The proposal originated in the deliberations of the temporary Sub-Commission on the Reconstruction of Devastated Areas, and I assume that the proposal is directed to the purposes of that Sub-Commission; that it is temporary in nature and is concerned with the reconstruction of devastated areas. If we can agree on these "real things", the question of name need not be insoluble.

14. I would extend this remark further. I assume that the proposed body would have the active assistance and co-operation of all the permanent organizations and agencies of the United Nations. I also assume, however, that it is not to be set up as the co-ordinator in Europe of the work of the permanent agencies of the United Nations, nor is its authority to be substituted for the authority of the Economic and Social Council.

15. It follows from what I have said that we attach great importance to the circumstances and conditions under which the proposed body would be set up. It is, in our eyes, virtually [*sic*] important that the European nations themselves should want the organization and should mean business. We assume the Council itself will be quite clear that the new organization is to devote itself to reconstruction, and does not represent the change in the permanent organization of United Nations. We shall want to be assured that the lines are carefully drawn between the proposed Commission and the permanent organizations and agencies of the United Nations, so that the Commission will help and not thwart the work of the Council. On these assumptions the Canadian delegation supports this proposal strongly.

538.

DEA/5475-BQ-40

*Mémorandum de la première direction politique<sup>1</sup> au sous-secrétaire d'État  
aux Affaires extérieures*

*Memorandum from First Political Division<sup>1</sup> to Under-Secretary of State  
for External Affairs*

[Ottawa,] December 30, 1946

RE: CANADIAN NOMINATIONS TO COMMISSIONS OF THE  
ECONOMIC AND SOCIAL COUNCIL

1. At the third session of the Economic and Social Council in New York, Canada was elected to the following Commissions for the terms indicated:

Economic and Employment Commission (3 years)

Statistical Commission (3 years)

Social Commission (4 years)

Population Commission (3 years)

2. It was also decided at this session that the states elected should nominate experts, and that agreement should be reached on such nominations by consultation between the Secretary-General of the United Nations and the Governments concerned. Such consultation was to ensure that there should be on each Commission a proper balance of specialists in particular fields. The results of these consultations were then to be confirmed at an ad hoc meeting of the Economic and Social Council to be held in New York during the General Assembly.

3. Canada's nominations to the four Commissions mentioned in Paragraph 1, as communicated to the Secretary-General, were:

Economic and Employment Commission—Mr. Stewart Bates, Director General of Economic Research, Department of Reconstruction and Supply

Statistical Commission—Mr. Herbert Marshall, Dominion Statistician

Social Commission—Dr. George F. Davidson, Deputy Minister of Welfare

Population Commission—Mr. J. T. Marshall, Chief Administrative Officer, Dominion Bureau of Statistics

4. After consultation between the Canadian Government and the Secretary-General, and as a result of the ad hoc meeting of the Economic and Social Council in New York on December 10th, 1946, the above mentioned nominations were confirmed as Canadian members of these Commissions.

<sup>1</sup> De J. G. H. Halstead.

<sup>1</sup> By J. G. H. Halstead.

## PARTIE 5/PART 5

CONSEIL DE TUTELLE  
TRUSTEESHIP COUNCIL

539.

DEA/5475-N-40

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

TELEGRAM 1

Ottawa, January 2, 1946

IMMEDIATE. TOP SECRET. Your circular D. 2290 of December 22nd, International Trusteeship.

In our view the proposed statement during the first part of the first session of the General Assembly with regard to placing mandated territories under the trusteeship system is a wise one. We are impressed with the argument that it may be desirable for the United Kingdom Government to take the initiative in this matter rather than to appear to act under pressure, and we feel that an announcement along these lines at this time would make a good impression in the United States and elsewhere.

540.

DEA/5475-N-40

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

TELEGRAM CIRCULAR D.38

London, January 8, 1946

SECRET. My immediately preceding telegram.† Trusteeship.

Draft agreement for United Kingdom mandated territories in Africa, Begins:

WHEREAS the territory known as Tanganyika/Cameroons under British Mandate and hereinafter referred to as British Cameroons/Togoland under British Mandate, and hereinafter referred to as British Togoland, has been administered in accordance with Article 22 of the Covenant of the League of Nations under a Mandate conferred on His Britannic Majesty,

AND WHEREAS Article 75 of the United Nations Charter signed at San Francisco on 26th June, 1945, provides for the establishment of an International Trusteeship System for the administration and supervision of such territories as may be placed thereunder by subsequent individual agreements,

AND WHEREAS under Article 77 of the said Charter the International Trusteeship System may be applied to territories now held under Mandate,

AND WHEREAS His Majesty has indicated his desire to place Tanganyika/British Cameroons/British Togoland under the said International Trusteeship System,

AND WHEREAS in accordance with Articles 75 and 77 of the said Charter the placing of a territory under the Trusteeship System is to be effected by means of a Trusteeship Agreement and by Articles 79, 83 and 85 of the said Charter, it is provided that the terms of trusteeship are to be agreed upon by the States directly concerned and approved by the United Nations. Now, therefore, the General Assembly of the United Nations, in accordance with Article 85 of the said Charter, having satisfied itself that the Agreement of the States directly concerned, including the mandatory power, has been obtained in accordance with Article 79 of the said Charter, hereby resolves to approve the following terms of the trusteeship for Tanganyika/British Cameroons/British Togoland.

*Article 1.*

The territory to which this Trusteeship Agreement applies comprises that part of East Africa/West Africa lying within the following boundaries (reference to be inserted to relevant international treaties defining boundaries).

*Article 2.*

His Majesty is hereby designated as Administering Authority for Tanganyika/British Cameroons/British Togoland, the responsibility for the administration of which will be undertaken by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland.

*Article 3.*

The Administering Authority undertakes to administer Tanganyika/British Cameroons/British Togoland in such a manner as to achieve the basic objectives of the International Trusteeship System laid down in Article 76 of the United Nations Charter, and to collaborate fully with the Trusteeship Council in the discharging of all the Council's functions as defined in Article 87 of the Charter and in the present Agreement.

*Article 4.*

The Administering Authority shall be responsible:

- (a) For the peace, order, good Government and defence of Tanganyika/British Cameroons/British Togoland, and
- (b) For ensuring that it shall play its part in the maintenance of international peace and security.

*Article 5.*

For the above mentioned purposes, and for all other purposes of the present Agreement as may be necessary, the Administering Authority:

- (a) Shall have full powers of legislation, administration and jurisdiction in Tanganyika/British Cameroons/British Togoland (for the Cameroons and

Togoland only, and shall administer it in accordance with its own laws as an integral part of its territory with such modifications as may be required by local conditions and subject to the provisions of the present Agreement).

(b) Shall be entitled, in order to effect improvements in the administration, to constitute Tanganyika/British Cameroons/British Togoland into a customs, fiscal or administrative union or federation with adjacent territories under its sovereignty or control, and to establish common services between such territories and Tanganyika/British Cameroons/British Togoland where such measures are not inconsistent with the basic objectives of the International Trusteeship System.

(c) And shall be entitled to establish naval, military and air bases, to erect fortifications, to station and employ its own forces in Tanganyika/British Cameroons/British Togoland, and to take all such other measures as are, in its opinion, necessary for the defence of Tanganyika/British Cameroons/British Togoland and for ensuring that the territory plays its part in the maintenance of international peace and security, including use of volunteer forces, facilities and assistance from Tanganyika/British Cameroons/British Togoland in carrying out the obligations towards the Security Council undertaken in this regard by the Administering Authority, as well as for local defence and the maintenance of law and order within Tanganyika/British Cameroons/British Togoland.

#### *Article 6.*

The Administering Authority shall take measures to assure to the inhabitants of Tanganyika/British Cameroons/British Togoland a progressively increasing share in the administrative and other services and in the Government of the territory (for Tanganyika only, both centre and local) and to develop existing means for the expression of local opinion with a view to the political development of the inhabitants of Tanganyika/British Cameroons/British Togoland towards the attainment of the objective prescribed in Article 76(b) of the Charter.

#### *Article 7.*

The Administering Authority undertakes to apply in Tanganyika/British Cameroons/British Togoland the provisions of any international conventions and recommendations drawn up by the specialized agencies referred to in Article 57 of the United Nations Charter, the application of which would, in the opinion of the Administering Authority, conduce to the achievement of the basic objective of the Trusteeship System.

#### *Article 8.*

In framing the laws relating to the holding or transfer of land, the Administering Authority shall take into consideration native laws and customs and shall respect the rights and safeguard the interests, both present and future, of the native population. No native land may be transferred, except

between natives, save with the consent of the competent public authority. No real rights over native land in favour of non-natives may be created except with the same consent.

*Article 9.*

The Administering Authority shall, subject to the provisions of Article 10 of this Agreement, take all necessary steps to ensure equal treatment in social, economic and commercial matters for all members of the United Nations and their nationals, and to this end:

(a) Shall ensure the same rights to all nationals of members of the United Nations as to his own nationals in respect of entry into and residence in Tanganyika/British Cameroons/British Togoland, freedom of transit and navigation, requisition of property, both movable and immovable, the protection of person and property and the exercise of professions and trades.

(b) Shall not discriminate on grounds of nationality against nationals of any member of the United Nations in matters relating to the grant of concessions for the development of the natural resources of Tanganyika/British Cameroons/British Togoland and shall not grant concessions having the character of a general monopoly.

(c) Shall ensure equal treatment in the administration of justice to the nationals of all members of the United Nations. The rights conferred by this Article on nationals of members of the United Nations apply equally to companies and associations controlled by such nationals and organized in accordance with the law of any member of the United Nations.

*Article 10.*

Measures taken to give effect to Article 9 of this Agreement shall be subject always to the overriding duty of the Administering Authority to promote the political, economic, social and educational advancement of the inhabitants of Tanganyika/British Cameroons/British Togoland to carry out the other basic objectives of the Trusteeship System and to maintain peace, order and good Government. The Administering Authority shall, in particular, be free:

(a) To organize essential public services and works on such terms and conditions as he thinks just.

(b) To create monopolies of a purely fiscal character in order to provide Tanganyika/British Cameroons/British Togoland with the fiscal resources which seem best suited to local requirements or otherwise to serve the interest of the inhabitants of Tanganyika/British Cameroons/British Togoland.

(c) To establish under conditions of proper public control such other monopolies or undertakings having in them an element of monopoly as appear to it to be in the interests of the economic advancement of the inhabitants of Tanganyika/British Cameroons/British Togoland.

*Article 11.*

Nothing in this Agreement shall, of itself, entitle any member of the United Nations to claim for itself or for its nationals, companies or associations in Tanganyika/British Cameroons/British Togoland the application of a more advantageous regime than that member itself grants in its own territory to Tanganyika/British Cameroons/British Togoland and its inhabitants.

*Article 12.*

The Administering Authority shall ensure in Tanganyika/British Cameroons/British Togoland complete freedom of conscience and the free exercise of all forms of worship which are consistent with public order and morality. Subject to the provisions of Article 8 of this Agreement and the local law, missionaries who are nationals of members of the United Nations shall be free to reside in Tanganyika/British Cameroons/British Togoland, to possess property and to erect religious buildings throughout the territory. The provisions of this Article shall not, however, affect the right and duty of the Administering Authority to exercise such control as that Authority may consider necessary for the maintenance of peace, order and good Government and for the educational advancement of the inhabitants of Tanganyika/British Cameroons/British Togoland and to take all measures required for such controls.

*Article 13.*

The Administering Authority shall make to the General Assembly of the United Nations an annual report on the basis of a questionnaire drawn up by the Trusteeship Council in accordance with Article 88 of the Charter.

*Article 14.*

Nothing in the present Agreement shall affect the right of the Administering Authority to propose at any future date the designation of the whole or part of Tanganyika/British Cameroons/British Togoland as a strategic area in accordance with Articles 82 and 83 of the Charter of the United Nations.

*Article 15.*

The terms of this Trusteeship Agreement shall not be altered or amended except as provided in Article 79 and Articles 83 and 85, as the case may be, of the United Nations Charter.

*Article 16.*

If any dispute whatever should arise between the Administering Authority and another member of the United Nations relating to the interpretation or application of the provisions of this Agreement, such dispute, if it cannot be settled by negotiation or other means, shall be submitted to the International Court of Justice provided for in Chapter XIV of the United Nations Charter. Ends.

541.

DEA/5475-N-40

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

TELEGRAM CIRCULAR D. 50

London, January 11, 1946

MOST IMMEDIATE. SECRET. Trusteeship.

My telegram of January 10th, Circular D. 49,† paragraph 2.

We think it most important to circulate draft agreement to other Governments (as explained in paragraph 3 of my telegram) before Foreign Secretary makes his announcement on January 14th, and we should, therefore, be most grateful if any comments by Dominion Governments on the draft text could reach us by evening of January 13th, G.M.T.<sup>1</sup>, at latest.

542.

DEA/5475-N-40

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

TELEGRAM 8

Ottawa, January 12, 1946

MOST IMMEDIATE. SECRET. Your circular telegram D. 50, January 11th. Trusteeship.

In our view draft Agreement is generously framed and seems to us to reflect the purpose of the Charter. We are in agreement as to the advantages of your retaining the initiative in this matter. We think it important that a substantial number of mandatory powers should conclude similar agreements in order to facilitate the early establishment of the International Trusteeship system under the U.N.O.

543.

DEA/5475-N-40

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

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

TELEGRAM 273

London, January 30, 1946

ASDEL No. 39. Following from Massey, Begins: Trusteeship Committee.

1. There has been protracted discussion in the Trusteeship Committee over the interpretation of the phrase "States directly concerned" in Article 79 of

<sup>1</sup> Greenwich Mean Time.

the Charter. This discussion<sup>1</sup> has been further complicated by argument as to whether or not it is within the competence of the Trusteeship Committee to define the phrase.

2. In order to abridge debate and to suggest practical steps whereby the trusteeship system can be quickly brought into operation, the Canadian delegation has proposed the following resolution:

“The Fourth Committee has considered the important implications involved in the words “States directly concerned” used in Article 79 of the Charter and recommends to the General Assembly that, pending the establishment of the Trusteeship Council, the Assembly should adopt the following resolution:

“Until the Trusteeship Council is established and defines the term “States directly concerned” used in Article 79 of the Charter, the following steps shall be taken.

“A member of the United Nations which desires to place territories under the trusteeship system shall notify the Secretary-General or the Executive Secretary of its intention and of the names of the States with which it intends to negotiate an agreement. (This notification shall be regarded as a “Declaration of Intention”). The Secretary-General or the Executive Secretary shall communicate this Declaration of Intention to all members of the United Nations. Any member which considered itself directly concerned and which has not been named in the Declaration of Intention, may so notify the Secretary-General who shall, in turn, notify the member which made the Declaration of Intention. It will be the responsibility of the latter member to consider such claims as it may receive and to report to the General Assembly on the action it has taken in this connection when it submits a trusteeship agreement for approval.”

3. This resolution, along with eight other amendments to the Preparatory Commission’s report, has now been remitted to a Sub-Committee of fifteen members, including Canada. This Committee is charged with the responsibility of threshing out the various amendments and drafting an agreed text for submission to the Assembly. Our resolution has the support of the United Kingdom and of the United States. We believe that it has been useful in focussing discussion and in suggesting a way out of the interminable arguments which seem to overhang the Committee.

4. The advantages of the proposal, in our view, are as follows:

(a) It gives a practical definition of the term “States directly concerned” in order to facilitate the speedy establishment of the Trusteeship Council.

<sup>1</sup> Voir Nations Unies, *Documents officiels de la première partie de la première session de l'Assemblée générale*, quatrième commission, pp. 15-36.

<sup>1</sup> See United Nations, *Official Records of the First Part of the First Session of the General Assembly*, Fourth Committee, pp. 15-36.

(b) It is an interim measure only. When the Trusteeship Council is established, it must then itself define the words in question.

(c) It settles a procedure whereby all the United Nations are advised in good time of the proposed actions of other members in connection with trusteeship agreements.

(d) It gives full protection to those members who may consider themselves directly concerned, as well as to those members who wish to make a Declaration of Intention. Ends.

544.

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

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

TELEGRAM 290

London, January 31, 1946

ASDEL No. 43. Following from Massey, Trusteeship.

1. At the first meeting yesterday of the Sub-Committee mentioned in paragraph 3 of our telegram Asdel No. 39, it was agreed that, in view of the short time available, the Sub-Committee would not attempt to define "states directly concerned". A gentlemen's agreement was also entered into that this subject would not be brought up either in the full Trusteeship Committee or on the floor of the Assembly. An amendment submitted by Iraq, on behalf of the Arab bloc, which listed some criteria designed to determine "states directly concerned" was withdrawn on the understanding that withdrawal would not prejudice consideration of this subject at future meetings of the Assembly. In any case, it was fairly clear that the Iraq amendment would have been defeated if it had been put to a vote.

2. The Soviet Delegate then said that, in his view, it would also be unwise to try to reach agreement on a provisional procedure for the negotiations of trusteeship agreements as had been suggested in our amendment. He argued that, if the Sub-Committee laid down one mode of procedure, it might, in effect, be adumbrating a definition of "states directly concerned". The two questions of definition and procedure were intimately linked and if the one question were to be left open, no decision should be taken on the other. This view seemed to us to be not unreasonable.

3. Several Delegates then expressed their support for the Soviet proposal and Dulles, for the United States, said that, although he at first had favoured the Canadian amendment, in view of the course events had taken he had changed his mind and now believed that the procedure for negotiating agreements should not be specified in the Committee's report.

4. We then decided to withdraw our amendment. We took this step with some regret, since it seemed to us that the procedure we had recommended would be sound and useful. On the other hand, the principal purpose of the amendment had been to head off interminable and inconclusive discussion about the definition of "states directly concerned" and since the Committee had decided against attempting a definition at this meeting of the Assembly, our main purpose had been achieved.

545.

DEA/5475-N-40

*Mémorandum de la première direction politique au sous-secrétaire d'État  
aux Affaires extérieures*

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

[Ottawa,] February 11, 1946

With reference to your request for the file dealing with my attached memorandum of January 31st,† you will see that the proposal put forward by the Canadian members of the Trusteeship Committee of a procedure to deal with the question of associating "states directly concerned" as used in Article 79 of the Charter, in connection with trusteeship agreements was subsequently withdrawn, as reported in ASDEL 43 of January 31st.

I noted in my previous memorandum† that the proposal of the Canadian delegation was unobjectionable and suggested, therefore, that no comment be sent from here. Briefly the proposal was that a member of the United Nations desiring to place territories under the trusteeship system, should notify the Secretary General of its intention and the names of the States with which it intends to negotiate an agreement. The Secretary General would then communicate this "declaration of intention" to all members of the United Nations. It would then be the responsibility of any member-state, which considered itself "directly concerned" to notify the member making the "declaration of intention". This would be an interim measure until the Trusteeship Council is established, and a definition of the term "states directly concerned", as used in Article 79 of the Charter, is accepted.

You will observe that the Soviet delegate argued that by adopting this mode of procedure, even as an interim measure, it would in effect, anticipate the definition of "states directly concerned". Several members of the Committee apparently accepted the Soviet view and Canadian members of the Committee withdrew their proposed amendment. No action therefore appears to be required.<sup>1</sup>

G. I[GNATIEFF]

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

I agree. N. A. R[OBERTSON]

546.

DEA/5475-N-40

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

TELEGRAM CIRCULAR D. 246

London, March 18, 1946

IMPORTANT. SECRET. His Majesty's Government in the United Kingdom have been considering whether any formal action should be taken at April meeting of League of Nations Assembly to liquidate mandate system. Following possible courses have been examined:

- (a) Termination of mandate system.
- (b) Formal action for transfer to United Nations Organization of League functions in respect of mandates.
- (c) Any other course.

2. Course (a) appears undesirable because, if mandates were terminated before final arrangements have been made for future of mandated territories, doubts might be cast on juridical position of mandatory States. Objections to a League pronouncement that mandates will be terminated at some future date on stated conditions are that:

- (1) League would be imposing conditions which it could not enforce, since it would no longer exist at the future date.
- (2) A general formula covering all existing mandated territories would be virtually impossible to devise.

3. In course (b), we see following difficulties. Charter imposes no legal obligation on mandatory States to place mandated territories under trusteeship. Consequently, no action by League could have effect of applying trusteeship system to mandated territories. If more limited functions of Permanent Mandates Commission were vested in United Nations and if United Nations Organization accepted transfer of such functions, effect would be to have two systems of United Nations Organization supervision running concurrently. It might be possible to distinguish between obligations assumed by mandatory Powers in mandates and machinery for supervision, e.g., mandatory Powers might make declarations at Geneva that they would continue to be guided by general principles of mandates even after cessation of hitherto existing international machinery for dealing with them. There would, however, be practical difficulties even then, because mandates include provisions restricting adequate defence measures, and A and B mandates in particular impose rigid "open door" policy which is qualified in Article 76(d) of Charter. Such a declaration would also not be appropriate to a territory such as Transjordan, which is to become independent of Palestine. Further objections to transfer to United Nations Organization of League functions in respect of mandates are that it would open way to:

- (1) Claims that it conferred rights in mandated territories on States members of United Nations Organization but not members of League, and

(2) Dispute between France and Levant States about contradiction between continuance of mandate system and Article 78 of Charter.

4. In all the circumstances, course which would suit us best, if it had prospects of success, would be to achieve liquidation of League without any specific reference to mandate system. Since, however, other delegations may raise subject, question arises whether it is better:

(1) To take initiative by proposing a draft resolution of our own in order to forestall some embarrassing proposal by other states; or

(2) To be forearmed with such a draft resolution but to keep it in reserve and advance it only if it becomes necessary. On the whole, we feel that risk of embarrassing proposal being put forward by others is slight. Neither United States nor Soviet Government will be represented and, in any case, Soviet attitude might be rather adverse to any attempt to establish continuity between League and United Nations Organization. Belgian and Netherlands delegations to United Nations Organization Assembly gave some indications that they might advocate formal action by League Assembly for sake of legal "tidiness", but it is not clear that they had fully considered all implications.

5. Our provisional conclusion is, therefore, that United Kingdom delegation should not, repeat not, take initiative in this matter but, if it is raised by foreign delegations, should take line that future of mandated territories is not a matter for League (which is on point of liquidation) and has already been subject of declarations by mandatory Powers at United Nations Organization Assembly which passed a resolution about it. In these circumstances, it would be inappropriate for League to do more than pass a resolution on lines of following paragraph.

6. Resolution might be on following lines, Begins:

The Assembly has taken note of declaration in regard to the future of the mandated territories under their jurisdiction made at the first session of the United Nations General Assembly by States members of the League of Nations on whom mandates were conferred. The Assembly, accordingly, desires to place on record that it welcomes the resolutions on this subject adopted by United Nations. Ends.

7. We should be glad to learn at earliest possible moment whether other British Commonwealth Governments are in general agreement with course suggested in paragraph 5 of this telegram. If so, we should propose to approach informally Belgian, French and Netherlands Governments to ascertain whether it would commend itself also to them. In view of United States interest in Japanese mandated islands and trusteeship system generally, it might also be useful to ascertain informally that United States Government, for their part, would see no objection.

8. Fuller memorandum† on question is being communicated to your High Commissioner's office here.

547.

DEA/5475-N-40

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

TELEGRAM 90

Ottawa, March 22, 1946

IMMEDIATE. SECRET. Addressed London No. 90, repeated to Canberra No. 7, Wellington No. 5, Capetown No. 7.

Your telegram D. 246 of March 18th. Liquidation of mandate system.

1. We are in general agreement with observations in paragraphs 2 and 3 of your telegram. We hope, however, that difficulty concerning the Levant States mentioned at the end of paragraph 3 may have disappeared. In response to an enquiry French Ambassador on March 6th informed us that Syria and Lebanon were to be regarded as independent states for customs purposes. He added that the French Government considered that these mandates were terminated on March 28th, 1945 "the date on which, following the recommendation made by France to the other United Nations on March 20th, these two states were admitted as members of the United Nations." This presumably refers to the adhesion by Syria and Lebanon in Washington to the Declaration by United Nations as a preliminary to their attending the San Francisco Conference.

2. In view of this, would it not be possible for the League Assembly to confirm the termination of the Syria-Lebanon mandate? Attention might also be paid to the possibility of formally disposing of the provision of paragraph 2 of Article 5 of the mandate which provides for automatic reimposition of the Capitulations on its termination.

3. We concur in suggestions in paragraphs 5 and 6 of your telegram. An Assembly resolution on these lines should provide adequate authority for transfers of mandated territories to trusteeship as soon as individual agreements make this possible. Those mandates, however, which were not covered by declarations made at the United Nations Assembly (i.e., the South African and Japanese mandates) would seem to be excluded under this formula but nevertheless we have nothing better to suggest.

548.

DEA/5475-N-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures**Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 810

London, March 25, 1946

Your telegram No. 90 of March 22nd to Dominions Office, liquidation of League mandates.

1. A meeting of Commonwealth representatives is called for Thursday afternoon to discuss this subject. If you have further instructions concerning Canadian attitude, I should like to have them before Thursday.

549.

DEA/5475-N-40

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

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

TELEGRAM 714

Ottawa, March 27, 1946

IMMEDIATE. SECRET. Your telegram No. 810 of March 25, liquidation of League mandates.

1. You might ascertain at the meeting of Commonwealth representatives (a) what is planned with regard to Syria and the Lebanon (see paragraph 2 of our telegram No. 90 of March 22 to Dominions Office), and (b) whether the League Assembly will be asked to take note of the termination of the mandate for Transjordan.

2. The Class B mandates in Africa and most of the Pacific mandates appear to be adequately covered by the formula proposed in paragraph 6 of Circular D. 246 of March 18. If, however, an attempt is to be made to perpetuate the mandate for Southwest Africa as an alternative to annexation, it seems to us that something further will be needed, which might perhaps take the form of an endorsement by the League Assembly of paragraph 2 of Article 80 of the Charter. This would give the United Nations clear authority, also, to take over the islands under Japanese mandate when a trusteeship agreement for these has been concluded.

550.

DEA/5475-AT-40

*Mémorandum de la deuxième direction politique à la délégation  
à l'Assemblée générale des Nations Unies*

*Memorandum from Second Political Division to Delegation  
to the General Assembly of the United Nations*

CONFIDENTIAL

October 19, 1946

SUBJECT: NON-SELF-GOVERNING TERRITORIES

(Supplementary Statement for Section IV/I of the Commentary)

The following notes are supplied to members of the Canadian delegation to correct and complete page 125 of the Commentary:

Under the heading "Canadian Attitude", in line 7 of paragraph 2, the words "and scattered Indian reservations in both Canada and the United States" should be struck out. The status of the Indian reservations is more precisely described in paragraph 4 on the same page.

In paragraph 5 reference is made to a memorandum on the status of the Yukon and Northwest Territories to be supplied to members of the Canadian

delegation. The issue of whether Canada should submit reports to the United Nations on these territories was brought into focus by a decision of the United States Government last August to submit reports to the Secretary General on Alaska as well as on Puerto Rico, the Panama Canal Zone, the Virgin Islands, Hawaii, Guam and American Samoa. Although the recent vote in favour of statehood within the Union means that Alaska will not continue long to be regarded as a territory to which Chapter XI of the Charter applies, nevertheless the fact that one report on Alaska has been submitted makes it desirable that Canada should state clearly the position it intends to take with regard to the Yukon and Northwest Territories.

Alaska is a non-contiguous territory which was purchased by the Government of the United States from Russia several decades after the establishment of the Union. The Yukon and Northwest Territories, on the contrary, by virtue of Article 146 of the British North America Act, have been an integral part of Canada since Confederation.

It is not thought that Chapter XI of the Charter was intended to apply to territories geographically within the borders of member states. This view is strengthened by the language of Article 74, which distinguishes between "metropolitan areas" and the territories to which Chapter XI is applicable. Thus the degree to which self-government has been developed in the Yukon and Northwest Territories is not the determining factor in the case. Since both territories are within the metropolitan area of Canada neither comes within the scope of Chapter XI of the Charter.<sup>1</sup>

E. P. M[ACCALLUM]

551.

DEA/5475-N-40

*Le secrétaire général, la délégation à l'Assemblée générale  
des Nations Unies, à la deuxième direction politique*

*Secretary-General, Delegation to the General Assembly of  
the United Nations, to Second Political Division*

New York, October 26, 1946

Dear Mr. Riddell,

1. At the request of Mr. Boyd Shannon of the United Kingdom delegation, a meeting of officials of the delegations of Australia, New Zealand, Canada and United Kingdom was held at Essex House at 9:00 p.m. on October 24, in order to discuss the United Kingdom draft agreements on Trusteeship. Those present were Mr. Boyd Shannon (Dominions Office) Mr.

<sup>1</sup>Voir la déclaration du sénateur W. McL. Robertson dans Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, quatrième commission, vingtième réunion, le 14 novembre 1946, pp. 111-12.

<sup>1</sup>See statement by Senator W. McL. Robertson in United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Fourth Committee, Twentieth Meeting, November 14, 1946, pp. 111-12.

A. M. Poynton, Assistant Under-Secretary of the Colonial Office, Sir Frederick Puckle (India Office), Mr. A. B. Cohen (Colonial Office), Mr. K. H. Bailey and Mr. W. D. Forsyth of the Australian delegation, Mr. C. J. R. McKay and Mr. G. R. Laking of the New Zealand delegation and Senator Robertson and myself of the Canadian delegation.

2. At the outset Mr. Poynton indicated that, from conversations with officials of the United States delegation, it appeared they would "underwrite" the United Kingdom draft Trusteeship agreements on all the points but article 10(c) concerning monopolies. He then commenced a consideration of various articles of the agreements.

3. Mr. Gerig (United States delegation) had told Mr. Poynton that Mr. Gromyko had recently expressed the view that the five states mentioned in article 23 of the Charter were automatically "states directly concerned". In discussing this matter with Poynton, Gerig is reported by Poynton to have stated categorically that this was not the United States view. On this point it would appear that the United States and the United Kingdom Governments are at one.

4. Professor Bailey indicated that the Australian Government would be "unalterably opposed" to a change in article 2 as proposed by the United States on the ground that this would be reversal of the Charter. You will recall that the United States Government had proposed that the Administering Authority should discharge his responsibilities "on behalf of the United Nations". There was general agreement among the United Kingdom, Australian and New Zealand delegations to oppose any such proposal.

5. In connection with article 5(b), Mr. Poynton indicated that the United States delegation had agreed not to raise the question of the insertion of the words "subject to Trusteeship Council" but reserved its right to support this viewpoint should any other delegation raise it. Professor Bailey commented that the Administering Authority is entitled, by virtue of the Charter and at its sole discretion, to constitute such customs, fiscal or administrative unions it saw fit under the general supervision of the Trusteeship Council. Professor Bailey asserted that the principle of the Charter governing the administration of trust territories is one of "national administration under international supervision" and not "a mixture of national and international administration".

6. When the question of monopolies was discussed in connection with Article 10(c), it became apparent that the United States and the United Kingdom delegations, at the official level, were absolutely irreconcilable as to how monopolies might be granted. Mr. Poynton reported that the United States delegation agreed that monopolies might be justified, but that they should be established, not at the sole discretion of the Administering Authority, but under the control of the Trusteeship Council. The United Kingdom attitude, on the other hand, was that the granting in trust territories of monopolies to British or foreign capital was essential if it was to be attracted to these territories; that the monopolies are not in contravention with the I.T.O. principles but in strict accordance with article 76(d) and article 80 of

the Charter. Mr. Poynton indicated that it was unlikely that the United States delegation would yield on this point and that his delegation's instructions are to fight the United States proposal vigorously. His main concern, of course, was that the United States delegation could command a large vote and he gave the impression that the United Kingdom delegation would fight this matter to the "last ditch" and "go down fighting"! At this point he asked what was the opinion of the various delegations.

7. Mr. McKay (New Zealand) indicated that his country had not included anything referring to monopolies in the agreement concerning Samoa partly because it is a "C" class mandate and partly because the inhabitants of their mandated territories, being an intelligent lot, would feel that this was an invitation to foreigners to exploit them in contradiction with the basic objectives of the trusteeship agreement which they would consider as their "Bill of Rights".

8. At this point, Mr. Côté asked Mr. Poynton if he could indicate why the United Kingdom government and others were submitting *draft agreements* to the General Assembly when the relevant Articles of the Charter refer to agreements already concluded which are required to be approved by the Assembly. Mr. Poynton stated that while Article 85 of the Charter seemed to indicate that the agreements would be concluded prior to approval by the Assembly, Article 79 seemed to indicate that the terms of trusteeship for each territory "should be agreed upon by the states directly concerned" and that this, he felt, did not mean that the agreement should, of necessity, be concluded. He admitted, however, that he was on weak ground. In pressing his point further, Mr. Côté developed the theme that the agreements, formally or informally concluded, must be *concluded* before the Assembly could approve of them. It was true that it was difficult to ascertain which are the states directly concerned, but if the United Kingdom government used, as a practical guide, the Principal Allied Powers and the states which the United Kingdom have recognized as directly interested, it seemed to him that the agreements could be concluded and any question of recognition could come up *after* the conclusion of these agreements in the Assembly. Unless the United States and the United Kingdom could resolve their differences, they would most certainly give the Soviet a magnificent opportunity for propaganda by splitting the "Anglo-Saxon bloc", defeating the United Kingdom proposal and "championing" the cause of the inhabitants of trust territories. To this Mr. Poynton indicated that Mr. Gerig had said it would be a "tragedy" if discussion were to come up on this point. However, it was apparent that neither the United Kingdom nor the United States delegations, at the official level, would give in on this point. Professor Bailey then urged that this matter be taken up on the highest political level between the two delegations.

9. Mr. Côté suggested that if the United States Government were in the same position as the United Kingdom Government it would undoubtedly take the same view as the United Kingdom Government was now taking and that he felt confident that if the matter were taken up by Mr. Bevin with Mr. Byrnes against the background which had been developed in the course of

discussion, the actual advantages which the United States would be obtaining from the amendment of such a clause would be so small, in practice, that Mr. Byrnes might well agree to the British contention. Professor Bailey suggested, however, that a useful "face-saving compromise" might be to delete completely Articles 9, 10 and 11. In this manner, the United States would seem to gain its point while the United Kingdom could rely on the specific provisions of the Charter (Article 76(d)) which ensures equal economic treatment to all Members of the United Nations without prejudice to the objectives of the Trusteeship System.

10. It was agreed by Messrs. Poynton and Shannon that this matter should be taken up with London immediately.

11. At 9:00 p.m. on October 25th another Commonwealth meeting was held at Essex House with the same delegations, India and South Africa being represented. In addition to those mentioned in paragraph 1, Sir Maharaj Singh and Mr. Banerjee (India), Mr. Sole (South Africa), Mr. Ivor Thomas, M.P. (Colonies) and Mr. A. G. Bottomley, M.P. (Dominions Office) were also present.

12. Mr. Thomas stated that the United Kingdom Delegation, after ministerial consideration, was prepared to accept an amendment to Article 10(c) which would provide for "a prior report" to the Trusteeship Council before granting a monopoly. It was generally felt by the Commonwealth representatives that this was not very helpful. Mr. Bailey reviewed his argumentation of the previous evening and Mr. Poynton then "wondered whether all the detail of articles 9, 10 and 11 could be dropped" and a new article referring to Article 76 of the Charter inserted. In the course of discussion, Mr. Côté stated that his delegation's "reaction", without detailed consideration of the subject, was that it would be much better to rely on the Charter than to insert in the agreement a clause from the Mandates which is bound to raise such a biased discussion.

13. Sir Maharaj Singh stated that this was a "sound view", and all delegations were agreed that articles 9, 10 and 11 should be deleted and replaced by one making a brief reference to Article 76 of the Charter. Mr. Poynton phoned the Secretariat to see if the publication of the United Kingdom "agreements" could be suspended; the United Kingdom delegation would then consult the United States, the states directly concerned and London hoping to present an agreement which was acceptable to all.

14. Mr. Côté urged that in the Assembly any "amendments" to the agreements be resisted since the Assembly's sole function at this stage was the approval of the agreements. (Article 83). In the course of discussion this view became generally accepted.

15. After the Conference Mr. Côté spoke with Mr. Thomas and Mr. Poynton and they agreed that he might give advance notice of the United Kingdom delegation's intentions to Mr. Sandifer, Executive Officer to Mr. Austin, Chairman of the United States delegation. This he did in the course of an interview at the Pennsylvanian Hotel on Saturday morning October

26th. It is also intended that the Canadian delegation will use its good offices to put this point of view to the French delegation; unfortunately the terms of the French agreement (which also include an article similar to 10(c)) have been cleared with the United Kingdom government and have been published by the Secretariat.

16. I shall keep you informed of the discussions in connection with Trusteeship matters.

Yours sincerely,

E. A. CÔTÉ

552.

DEA/5475-N-40

*Mémorandum de la deuxième direction politique*<sup>1</sup>

*Memorandum by Second Political Division*<sup>1</sup>

SECRET

[Ottawa,] November 6, 1946

Mr. Côté's suggestion (see paragraph 8 of his letter of October 26) that the Principal Allied Powers should be regarded as states directly concerned in the trusteeship agreements is a reminder that certain material on the files of the Department which could not be included in the Commentary because of its secret nature is yet an essential part of the equipment of advisers to the Canadian Delegation. For example it would have been helpful for Mr. Côté had we provided him with as full a record as possible of the delicate and rather difficult negotiations carried on from May to October between the United Kingdom and United States Governments concerning the United States claim to be considered a state directly concerned in African trusteeship agreements.

The United States Government, which negotiated agreements with the mandatory powers in Africa during the '20s, claimed last spring to be a state directly concerned in the trusteeship agreements which are to supersede the mandates. It wanted, however, to establish its right to be consulted about the African agreements without opening the door to similar Soviet intervention in the case of the Pacific islands. The United States Government therefore suggested certain procedures which the United Kingdom Government was unable to accept since they would have involved a diminution of rights already accorded to France, Belgium and South Africa as states in any event concerned in the agreements.

Confronted with extensive and detailed United States suggestions for the amendment of the African trusteeship agreements, the Foreign Office entered into long negotiations with the State Department and accepted as many of the amendments as it could. Thus the substance of the United States claim was granted even though formal recognition of its right to be consulted or to sign the agreements was withheld because it was felt that if the door were

<sup>1</sup>De M<sup>11</sup>\* E. P. MacCallum à R. G. Riddell.

<sup>1</sup>From Miss E. P. MacCallum to R. G. Riddell.

opened to Soviet intervention on the same scale in Africa consequences would be entailed which the United Kingdom Government was not prepared to face.

Although it is a little late, I think Mr. Côté would find it useful to have a complete set of Dominions Office telegrams reporting the negotiations between the United Kingdom and United States Governments so that he may familiarize himself with the details of the various procedural expedients which have been considered by both Governments as a means of meeting the requirements of the Charter without inviting Soviet interference.

E. P. M[ACCALLUM]

553.

DEA/5475-N-40

*Déclaration du secrétaire général, la délégation  
à l'Assemblée générale des Nations Unies*

*Statement by Secretary-General, Delegation to the  
General Assembly of the United Nations*

[November 27, 1946]

INTERVENTION BY MR. E. A. CÔTÉ IN SUB-COMMITTEE 1 OF COMMITTEE IV  
CONCERNING THE SOVIET PROPOSAL ON ARTICLE X

The Canadian delegation considers that Article X of the agreement proposed by the New Zealand Government for placing Western Samoa under the Trusteeship System is in accordance with the Charter and therefore it does not propose to ask the Mandatory Power to re-open negotiations on this point.

If we have read the Charter aright, all Members of the United Nations have undertaken by virtue of Article 43 and others *to make available* to the Security Council, on its call and in accordance with a special agreement or agreements, armed forces, assistance and facilities, including the rights of passage, necessary for the purpose of maintaining international peace and security.

In the case of strategic areas coming under the jurisdiction of the Security Council under Article 82 (and we understand the New Zealand Government to say that Western Samoa or any part thereof is not a strategic area) the Security Council has vis-à-vis such strategic areas functions defined in Article 83 which are broadly similar to those of the General Assembly under Article 85. In the case of a trust territory which is not considered as a strategic area the General Assembly has functions defined in Article 85. In both cases the administering authority has imposed upon it a specific duty defined in Article 84. The administering authority, in both cases may make use of "volunteer forces, facilities and assistance from the trust territory *in carrying out the obligations towards the Security Council*" undertaken by it "as well as for local defence and the maintenance of law and order within the trust territory".

The question seems to be the following: In the case of a trust territory under the supervision NOT of the Security Council but of the General As-

sembly, must the administering authority which wishes to have forces and facilities in the trust territory declare these portions of the trust territory on which forces or facilities may be located as strategic areas?

That, Mr. Chairman, seems to be the effect of the amendments proposed by our distinguished Soviet and Indian colleagues. And I suggest that, as outlined in the Secretariat's paper A/C.4/40, an attempt was made to introduce this concept into the Charter at San Francisco, and this attempt failed. Now [we] are asked to import this interpretation of the Charter, which was rejected by 26 votes to 2 at San Francisco, into a Trusteeship Agreement. The Canadian delegation, for its part, cannot subscribe to such an action. If we did subscribe to this interpretation it would inevitably lead (as was so aptly put by the delegate for France) to the conclusion that all trust territories should be declared strategic areas and the General Assembly's paramount role in Trusteeship matters would be reduced to naught, a situation which the Charter does not contemplate and indeed clearly rejects.

What then, Mr. Chairman, is the situation pending the implementation of Article 43, and following, of the Charter. The Canadian delegation believes, as pointed out by most delegations here, that the situation under the Charter is radically different from that prevailing under the Mandate System. The moment a Trusteeship Agreement is concluded, the administering authority has a new duty imposed upon it by Article 84 of the Charter. That duty is "to ensure that the trust territory *shall* play its part in the maintenance of international peace and security." This is a strict duty which is incumbent upon the administering authority and it was inserted quite deliberately in the Charter for the benefit of the inhabitants of the trust territories: henceforth they are NOT to be left unprotected and they must be developed progressively to play a part in the system of international peace and security. And how, Mr. Chairman, can this be accomplished? The Canadian delegation ventures to suggest that, among other means, the administering authority "*may* make use of volunteer forces, facilities and assistance from the trust territory in carrying out the obligations towards the Security Council" and this, in accordance with Article 43. However, if the Security Council is unable, for any reason, to conclude the special agreements contemplated by Article 43, and if, therefore, the means provided in the second sentence of Article 84 are not at the disposal of the administering authority, the administering authority still has the specific duty to ensure that the territory shall play its part in the maintenance of international peace and security. If the administering authority has this specific duty, it has a corresponding right to the means of discharging this duty.

What then are the means which are contemplated under Article X of the Western Samoa Agreement? The beginning of Article X is a recital of Article 84 of the Charter, and it goes on to say: "To this end the administering authority *shall be entitled:*

(1) to establish naval bases, etc." This does not signify that the administering authority shall do all things enumerated in this Article—the Article

clearly establishes the powers which the administering authority has to discharge the onerous duty imposed upon it.

To sum up, Mr. Chairman, the Canadian delegation sincerely believes that if the Soviet and Indian proposals were accepted for the Western Samoa Agreement, and if this territory were to come within the orbit of the Security Council there may indeed be a danger of Western Samoa becoming a "block house on the road of empires", as was said yesterday. On the other hand, if Western Samoa remains indisputably under the constant supervision of the General Assembly and of the Trusteeship Council, and if the administering authority has the power to discharge the duties conferred upon it by the Charter, there is no danger of Western Samoa becoming a strategic pawn.

The second point we wish to make (and that is why, reluctantly, we cannot subscribe to the Chinese proposal after this debate) is that it must be made clear beyond all doubt that an administering authority must have the "facilities" at its disposal to discharge the duties it assumes for the benefit of the inhabitants of the trust territory.

For these reasons, Mr. Chairman, the Canadian delegation supports Article X of the agreement for Western Samoa in its present form.<sup>1</sup>

## PARTIE 6 / PART 6

### DIVERS / MISCELLANEOUS

#### SECTION A

#### ADDITIONS AU RÈGLEMENT INTÉRIEUR DU CONSEIL DE SÉCURITÉ

#### ADDITIONAL RULES OF PROCEDURE OF SECURITY COUNCIL

554.

DEA/211-C

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 282

London, March 26, 1946

SECRET. Soviet Government's proposal for additional rules of procedure for Security Council. Following is summary of instructions sent to United Kingdom representative on Security Council.

(1) Paragraph 1 of Soviet proposal. We see no objection.

<sup>1</sup> Les amendements proposés par l'Union soviétique et l'Inde furent rejetés par la sous-commission. Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, quatrième commission, partie 2, onzième séance, 2 novembre 1946, p. 79. Le texte de l'amendement de l'Union soviétique est dans *Ibid.*, annexe 4a, p. 236.

<sup>1</sup> The amendments proposed by the Soviet Union and India were rejected by the Subcommittee. See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Fourth Committee, Part 2, Eleventh Meeting, November 28, 1946, p. 79. The text of the Soviet Union's amendment is in *Ibid.*, Annex 4a, p. 236.

(2) Paragraph 2 of Soviet proposal. We are disposed not, repeat not, to agree that a member of United Nations Organization, which is not, repeat not, a member of Security Council, should have right to make proposals or draft resolutions when participating in Security Council discussion, but we do not, repeat not, attach great importance to the point.

(3) Soviet draft Rule 31. In general, United Kingdom representative is strongly to resist any attempt by Soviet Government to widen scope of veto. We consider that Security Council should concentrate on defining what is meant by a "dispute" in order to end present uncertainty. We had already been considering possibility of countering what we regard as misuse of veto during London session of Security Council and are now instructing United Kingdom representative, after prior consultation with United States representative, to propose rules in my immediately following telegram. Soviet proposal, however, of draft rules inspired in opposite direction indicates that it may not be easy to reach agreement.

(4) Soviet draft Rule 32. On assumption that this is intended to apply to order in which draft resolutions are taken on a particular item of the agenda, we think that it might be best to leave Chairman to decide as to order.

(5) Soviet amendment to Rule 40. This seems to be aimed at expediting discussion of Albanian application for admission to United Nations Organization. United Kingdom representative is to vote against Soviet amendment. We should agree to addition of following words to draft Rule 40 in S. 6, Begins:

In these cases Security Council must take action in time to enable Assembly to take its vote and therefore if Assembly is already in session such questions should have a suitable priority. Ends.

555.

DEA/211-C

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 283

London, March 26, 1946

SECRET. My immediately preceding telegram. Following is text of 2 draft additional rules of procedure of Security Council referred to in paragraph (3), Begins:

(a) Definition of a "dispute".

In deciding under Chapter VI of the Charter whether a matter brought before the Security Council by a State is a dispute or a situation, the Security Council shall hold that a dispute arises:

(i) If the State or States bringing the matter before the Security Council and the State or States whose conduct is impugned agree that there is a dispute.

(ii) Whenever the State or States bringing the matter before the Council allege that the actions or intentions of another State are endangering or are

likely to endanger the maintenance of international peace and security and the State or States which are the subject of these allegations contest some or all of the facts or the inferences to be drawn from the facts.

(iii) Further, if a State bringing a matter before the Council alleges that another State is violating the rights of a third State and latter supports the contention of the first State, then the third State shall also be deemed to be a party to the dispute.

(b) Submission of cases in writing.

Any State bringing a dispute or situation before the Security Council shall furnish a full written statement of the grounds of fact and law on which its case is based for circulation to members of the Council before the discussion is opened. Ends.

556.

DEA/211-C

*Le sous-secrétaire d'État aux Affaires extérieures  
à la British Security Co-ordination<sup>1</sup>*

*Under-Secretary of State for External Affairs  
to British Security Co-ordination<sup>1</sup>*

TELEGRAM NDO 165

Ottawa, March 28, 1946

SECRET. Following for Ritchie<sup>2</sup> (U.N.O., New York) Begins: We received from the Dominions Office two telegrams containing United Kingdom views on Soviet Government's proposal for additional rules of procedure for Security Council. Copies of these telegrams are following by courier bag.

2. We are interested in having as soon as possible opportunity of examining these proposals and of considering our attitude to developments regarding the rules of procedure. For this purpose we should have (a) draft of supplementary rules prepared in Committee of experts and (b) the Soviet Government proposals on additional rules of procedure.

3. The United Kingdom's comment on paragraph 2 of the Soviet proposal reads as follows: "We are disposed not, repeat not, to agree that a member of United Nations Organization, which is not, repeat not, a member of Security Council, should have right to make proposals or draft resolutions

<sup>1</sup> British Security Co-ordination était l'organisation qui avait entre autres, coordonné les opérations des services de renseignements alliés pendant la guerre.

<sup>2</sup> M. Ritchie a assisté aux séances du Conseil de sécurité à New York du 25 mars au 14 mai comme observateur. M. Ritchie envoyait et recevait des messages par l'entremise du consulat général à New York qui utilisait la ligne directe de télétype entre Ottawa et la BSC, le consulat et la BSC étant dans le même édifice au Rockefeller Center à New York.

<sup>1</sup> British Security Co-ordination was the organization which inter alia co-ordinated the operations of the Allies' intelligence services during the war.

<sup>2</sup> Mr. Ritchie attended the meetings of the Security Council in New York from March 25 to May 14 as an observer. Mr. Ritchie sent and received messages through the Consulate General in New York which used the direct teletype link between BSC and Ottawa, the Consulate and BSC being in the same building in Rockefeller Center in New York.

when participating in Security Council discussion, but we do not, repeat not, attach great importance to the point". In the light of our own special position, and of the stand we took at San Francisco, our view is that there should be no, repeat no, restriction on the right of these members to participate other than the restriction on the right to vote contained in the Charter.

557.

DEA/211-C

*Le chef, la première direction politique, au sous-secrétaire d'État  
aux Affaires extérieures*

*Head, First Political Division, to Under-Secretary of State  
for External Affairs*

New York, April 2, 1946

Dear Mr. Robertson,

I am enclosing what I had hoped would be two complete sets of Security Council documents.<sup>1</sup> I have had great difficulty in obtaining these and I now find that they are not entirely complete and that French versions have been jumbled up with the English. However, this is the best that the Secretariat seem able to do, and as the set includes at least one copy of all the important documents (with one exception which I shall mention later), I am sending them by the next bag as I note from your telegram NDO 165, March 28th, that you wish to receive them as soon as possible.

The redraft of the Rules of Procedure as worked out by the Committee of Experts at four meetings held in London, appears to be the basic document on which the Committee has since been working.<sup>2</sup> It is No. S-Procedure-8, of February 1st. The Soviet Government's proposed amendments to that redraft will be found in S-Procedure-17 of March 22nd. Paragraph 2 of the latter document contains the Soviet proposal regarding the right of a State which is not a member of the United Nations to make proposals or draft resolutions when participating in the Security Council's discussions. You will see that the Soviet text is closely linked with Paragraph 1 of Article 35 of the Charter and makes no reference to States participating under Article 31, which is the case in which we are presumably principally interested.

In this general connection the statement on the Rules of Procedure of the Security Council submitted by the Secretariat (S-Procedure-12, Paragraphs 21 to 24) is of interest.<sup>3</sup> It deals with the general question of the participation

<sup>1</sup> A l'exception de S-procédure-17, ces documents ne sont pas dans les dossiers du ministère.

<sup>2</sup> Voir Nations Unies, Conseil de sécurité, *Procès-verbaux officiels*, première année, première série, supplément 1, annexe 1, section 4, pp. 3-6.

<sup>3</sup> Voir *Ibid.*, supplément 2, annexe 1b, pp. 8-15.

<sup>1</sup> Except for S-Procedure-17, these documents are not in the departmental files.

<sup>2</sup> See United Nations, Security Council, *Official Records*, First Year, First Series, Supplement 1, Annex 1, Section 4, pp. 3-6.

<sup>3</sup> See *Ibid.*, Supplement 2, Annex 1b, pp. 8-15.

of non-member States in the discussions of the Security Council. You will notice that it is stated in Paragraph 24 (ii), "There was however, a marked consensus of opinion that whatever the power by virtue of which a non-member had been invited, that non-member when admitted to the Council for the purpose of bringing a situation to its attention, should participate, in the proceedings to the same extent as a non-member admitted under Article 31".

It is further stated in Paragraph 24 (iii) "The view predominated that the words of Article 31 meant that the non-member should be subject to no restriction as to his participation in discussion other than that of taking no part in the vote". It therefore seems that the majority opinion in the Committee of Experts is in favour of our view of the matter.

I am seeing Mr. Johnson, the United States Representative on the Committee of Experts this afternoon and Mr. Lawford, the United Kingdom Representative, tomorrow, and I intend to take the opportunity of talking over this question with them and putting forward, informally, our point of view.

You will also be interested in studying the Soviet Government's proposals as contained in their Draft Rule 31 which would have the effect of widening the scope of the veto by restricting the rule that a party to a dispute should abstain from voting to disputes arising under Article 33 of the Charter. These proposals are, of course, being strongly opposed by the United Kingdom and presumably also by the United States Government representatives in the Committee of Experts.

I should also call your attention [to] the Secretariat's note on the Report of the Military Staff Committee "S-Procedure-14." I have not yet been able to obtain a copy for you of the Draft Statute and Draft Rules of Procedure of the Military Staff Committee as prepared by the Military Staff Committee. This is, as I think you will agree, when you have read it, a document somewhat dangerous in its implications. The main points open to criticism are well brought out in the Secretariat's S-Procedure-14. For instance, the provision in the Military Staff Committee's Provisional Draft Rules of Procedure, that members of the United Nations not permanently represented on the Committee should only be associated with the Military Staff Committee as a result of the unanimous approval of the Committee, may very well be an infringement of the rights under the Charter of non-member States.

Were such a proposal embodied in the final Rules of Procedure of the Military Staff Committee it might have an important bearing on Article 44 of the Charter as it presumably would permit any one of the powers represented on the Military Staff Committee to veto consultation at a military level with a Member of the Organization concerning the employment of contingents of that member's armed forces. Although it seems unlikely that such a situation would in practice [?].<sup>1</sup>

<sup>1</sup> Cette phrase était écrite à la main.

<sup>1</sup> This sentence was handwritten.

I have not yet had an opportunity of studying the report of the Military Staff Committee in detail, but I think that some of its provisions if accepted would have a restrictive effect on the rights of other members of the United Nations, to be consulted in connection with their military obligations under Article 43, Paragraph 3 (Military Agreements), under Article 45 and possibly under other Articles of the Charter. In this connection you will be interested in seeing the proposed amendment to the proposed Military Staff Committee Rules of Procedure put forward by the Australian Representative on the Committee of Experts, S-Procedure-24. The Australians are naturally principally concerned with the position of non-permanent members of the Security Council and their association with the Military Staff Committee. The proposed Australian redraft of Paragraph 4 (c) is certainly an improvement on the Military Staff Committee's text. I am not so sure about their redraft of Paragraph 4 (d), as this proposal for the association of non-permanent members of the Security Council with the work of the Security Staff Committee does not take into account the position of States like Canada which are not on the Security Council at all, but which will in due course have to be associated with the work of the Military Staff Committee if they are to discharge their responsibilities under the relevant Articles of the Charter.

Owing to the shortage of copies of the important documents I have not been able to send a copy of this letter or of the relevant documents to the Canadian Embassy in Washington. Perhaps it would be worthwhile for some of the more important papers to be copied for Mr. Pearson's information.

I should be glad to receive your comments and instructions as to the line which I might follow in informal conversations with officials of the United Kingdom and the United States Delegations on these matters.

I hope to be able to send to you the Military Staff Committee's report by the next courier bag.

Yours sincerely,

C. S. A. RITCHIE

[PIÈCE JOINTE/ENCLOSURE]

*Document du Conseil de sécurité des Nations Unies*

*Document of the Security Council of the United Nations*

S/PROCEDURE/17

[New York,] March 22, 1946

RESTRICTED

COMMITTEE OF EXPERTS

AMENDMENTS TO THE REDRAFT OF THE PROVISIONAL RULES OF PROCEDURE FOR THE SECURITY COUNCIL PROPOSED BY THE SOVIET REPRESENTATIVE

1. Rule 19 to be transferred to Section XIII and to be included in Rule 31 as the second sentence. The beginning of this sentence should read as

follows: "However, any recommendation by the General Assembly . . ." and further according to the text of Rule 19.

2. A new rule to be included in the Redraft as Rule 19 which should read as follows:

"Any Member of the United Nations which is not a member of the Security Council, if he makes use of the right given to him by paragraph 1 of Article 35 of the Charter, is invited to participate in debate of the Security Council on the question raised by him and may make proposals and draft resolutions relating to the consideration of this question".

3. Three new rules to be included in the Redraft after Rule 30. These rules should read as follows:

"RULE 31. Should the Security Council consider a dispute provided for by Article 33 of the Charter, a party to the dispute shall abstain from voting in accordance with paragraph 3 of Article 27 of the Charter.

Should the Security Council consider a situation provided for by Article 34 or any other dispute which does not fall under Article 33, all the members of the Security Council are entitled to participate in the voting.

The decision of whether the question under consideration by the Security Council is of procedural nature and also of whether the question under consideration is a dispute or a situation and whether this dispute is of the nature referred to in Article 33 of the Charter shall be regarded as accepted if it is voted for by seven members of the Security Council including the concurring votes of all the permanent members of the Security Council.

RULE 32. Proposals submitted to the Security Council shall be voted on in the order of their submission with exception of the proposals relating to the Agenda, which shall be considered first.

Any proposal shall be put to the vote by parts if a Member of the United Nations, which submitted the proposal requests so.

RULE 33. Amendments to the proposals submitted to the Security Council shall be voted on first. Amendments furthest removed in substance from the original proposal shall be voted on before other ones.

If an amendment adds to or deletes from an original proposal, the amendment shall be voted on first. If it is accepted by the Security Council, the amended original proposal shall then be voted on".

All the following rules to be appropriately renumbered [*sic*].

4. Rule 40 should be added with the following words to be put after the word "which": "immediately considers the application in order that if the Security Council is holding its session simultaneously with a session of the Assembly, the application could be submitted to this session of the General Assembly or—if the Security Council is not holding its session simultaneously with a session of the Assembly—to the next session of the Assembly. While considering the application the Security Council . . .".

558.

DEA/211-C

*Le sous-secrétaire d'État aux Affaires extérieures  
à la British Security Co-ordination*

*Under-Secretary of State for External Affairs  
to British Security Co-ordination*

TELEGRAM NDO 198

Ottawa, April 6, 1946

IMMEDIATE. SECRET. Following for Ritchie, Begins: Soviet amendments to the Security Council's Rules of Procedure.

1. The new Rule proposed in paragraph 2 of the Soviet memorandum should, in our opinion, not be accepted. It would automatically give any Member state which brings a dispute or situation to the attention of the Security Council under Article 35 the right to temporary membership without vote in the Security Council. While, presumably, in most cases such a state would be granted temporary membership under Article 31 or Article 32, it is neither necessary nor wise to make this grant of temporary membership automatic. In place of the proposed Soviet Rule, we would suggest the following two Rules:

(1) "A Member of the United Nations which under the provisions of Article 35(1) brings a dispute or situation to the attention of the Security Council shall be invited by the Security Council to make an oral statement to the Security Council setting forth the reasons why it has considered it necessary to bring the dispute or situation to the attention of the Council. After making this oral statement, the State shall withdraw from the Council and the Council shall then decide whether it shall discuss the dispute or situation and if so, at the meeting in progress or at a subsequent meeting. If the Security Council decides to discuss the dispute or situation, it shall before proceeding further with the discussion decide whether the State which has brought the dispute or situation to its attention should be invited to participate without vote in the discussion of the question under the provisions of Articles 31 or 32".

(2) "Any State which under the provisions of Articles 31, 32 or 44 is invited to participate in a discussion by the Security Council shall, during that discussion, have all the rights of Members of the Security Council except that a state invited under the provisions of Articles 31 and 32 shall not have the right to vote".

2. We are of course vigorously opposed to the Soviet proposal that each Great Power should have the right to veto (a) a decision that a question is procedural and (b) a decision that a question is a dispute. The five Powers in their statement at San Francisco claimed that the Charter gave each of them the right to veto a decision that a question was procedural but this interpretation has not the force of a provision of the charter. The

second Soviet proposal that each Great Power should have the right to veto a decision on whether a question is a dispute was not raised at San Francisco [and] is acceptable because acceptance of the proposal would appear to frustrate the clear intent of the proviso to Article 27(3) of the Charter under which a Great Power loses its veto if it is a party to a dispute. If it is impossible in any other way to budge the Soviet Union from their demand for a veto over a decision as to whether a matter is a dispute, the Security Council might consider referring the question to the International Court for an advisory opinion on the interpretation of the relevant Articles of the Charter.

3. The first sentence of the proposed Soviet Rule 32 does not seem to be objectionable.

4. The second sentence of Soviet Rule 32 and Soviet Rule 33 reproduce General Assembly Rules of Procedure 65, 66 and 67 in the chapter on the Conduct of Business. The Soviet proposal to include in the Security Council Rules these three Assembly Rules on the Conduct of Business appears to us to be wise. It raises the question whether it would be useful for the Security Council to adopt some of the other Assembly Rules on the Conduct of Business especially Rules 59 and 60. The adoption of these two Rules along with Rules 65, 66 and 67 would make it less likely that the Security Council would get involved in procedural snarls. In order to erect a constitutional barrier against a filibuster, it may also be desirable for the Security Council to adopt an equivalent of General Assembly Rules 62 and 63 on the closure of a debate. Since the Security Council is a small body, its closure Rules would not, however, need to be as strict as the General Assembly Rules. The language of the proposed Soviet Rules on the Conduct of Business seems to be the result of an English translation of a Russian Translation of the English text of the corresponding Assembly Rules. The language would be improved if the English text of the Assembly Rules were substituted.

5. The only comment which occurs to us on Rules 19 to 40 in S/Procedure/8 is that Rule 34 providing for a record in a single copy of a private meeting is silent on the question of who should have the right to consult this record. If Canada as a non-member took part in the meeting, the Canadian representative would, under the Rule as it stands, have the right for ten days to see the original draft of the record and suggest corrections. He is not, however, given the right to consult the record subsequently. It would be better from the point of view of Members of the United Nations which are not Members of the Security Council if a sentence were added to Rule 34 reading somewhat as follows: "The representatives of these States shall at all times have the right to consult this record at the Secretariat".

6. You may informally and in confidence, give the United Kingdom, the United States and Australian representatives a copy of the above comments. Ends.

## SECTION B

## RÉPUBLIQUES SOVIÉTIQUES/SOVIET REPUBLICS

559.

DEA/4060-40

*Mémorandum de la deuxième direction politique au sous-secrétaire d'État  
associé aux Affaires extérieures*

*Memorandum from Second Political Division to Associate Under-Secretary  
of State for External Affairs*

[Ottawa,] May 6, 1946

## RE: SOVIET REPUBLICS ON U.N. WAR CRIMES COMMISSION

If this is a *United Nations* Commission it seems logical that Byelorussia and Ukraine should be represented since they are Members of the United Nations. It also seems logical that the other Soviet republics should not be represented until such time as they have been admitted to membership in the United Nations. Admission to the Commission should not be used as a backdoor by which to sneak in additional Soviet republics into the United Nations, now that there exists an internationally recognized procedure for acquiring membership in the United Nations.

I still think that the Soviet motive in asking for the admission of these republics is the desire to secure *de jure* recognition of their incorporation in the U.S.S.R. which the Western powers have hitherto refused to give. This, I think, was the original motive. Added to this is probably the desire not to be outvoted on the Commission and the calculation that if these republics are admitted it would be easier to secure their membership in the United Nations.

From the constitutional point of view I can see no difference between trial by the U.S.S.R. and trial by the republics. Either method could be used under the Soviet constitution, though so far political trials and trials of war criminals have been conducted only by the Union authorities. As for the argument that unless the republics are represented separately their interests are not fully taken into account we might ask whether the inclusion of Foreign Ministers of the Republics as alternates in the Soviet delegation would not ensure the protection of their interests—it being understood that the inclusion of these Ministers is a purely internal matter for the U.S.S.R. and does not imply the recognition of the status of these Ministers as representatives of the Republics as such. I am thinking of the precedent set by the U.S.S.R. in including Lavrentiev, Foreign Minister of the R.S.F.S.R.<sup>1</sup> in the Soviet delegations to San Francisco and to the General Assembly.

When the Soviet request for the inclusion of the seven republics was first made in 1943, the United Nations was still a rather nebulous concept. In particular, there was no agreed procedure by which a nation became a member except signature of the United Nations Declaration, presumably a matter

<sup>1</sup> Russian Soviet Federated Socialist Republic.

for decision only by the nation wishing to become a Member. Since then the situation has been changed by the acceptance of the Charter as the constitution of the United Nations.

In view of the changed circumstances, the following arguments should be used to-day:

- (1) the Commission consists of Members of the United Nations;
- (2) Byelorussia and Ukraine are entitled to membership;
- (3) if the other republics want to be represented, they would be welcomed when they have become Members of the United Nations;
- (4) the procedure for acquiring this membership is laid down in the Charter.<sup>1</sup>

L. M[ALANIA]

I concur.

E. R[EID]

## SECTION C

### REPRÉSENTATION CANADIENNE

#### CANADIAN REPRESENTATION

560.

DEA/211

*Mémoire du chef, la première direction politique*

*Memorandum by Head, First Political Division*

[Ottawa,] April 23, 1946

#### MEMORANDUM ON CANADIAN REPRESENTATION TO THE UNITED NATIONS

One of the objects of my recent visit to New York was to report as to the necessity for Canadian representation to the United Nations, and as to the form that such representation might take.

The Charter does not make any provision for states which are not members of the Security Council to be represented at the seat of the Organization, although it does provide that members of the Security Council should be represented "at all times at the seat of the Organization". So far no Department has been established in the United Nations to make suitable arrangements for the reception of Missions from states not members of the Security Council and, in fact, no such Missions have so far been established. Moreover, in the present disorganized and scattered condition of the Secretariat the Organization has no centre where the Head of such a Mission would have an oppor-

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

Mr. Hopkins—I think you might draft a brief reply on this basis. H. W[RONG]

tunity to encounter his colleagues. All that the Canadian representative to the United Nations could do in existing circumstances would be to attend the meetings of the Security Council as an observer, to maintain informal contact with the delegations of members of the Security Council and to keep in touch with the United Nations Secretariat. It would, however, be desirable to have a Canadian representative in New York to perform these functions. Such a representative would have the following among his other duties:—(a) He would attend the meetings of the Security Council and report on the proceedings. He would supplement his official attendance at the meetings of the Council by maintaining close contact with the British, American and other delegations (although he would have difficulty in maintaining close contact with the Soviet delegation). In this way the Canadian Government should receive full reports of what is going on, not only in the Security Council but behind the scenes. There is obviously an opportunity for an important job of diplomatic reporting to be done in New York. The United Kingdom delegation is small and overworked and we do not seem to be getting through the Dominions Office very full reports of what is going on in the background of events in the Security Council. Moreover, questions will arise before the Security Council which affect Canadian interests more or less directly. The work of the Committee of experts on rules of procedure for the Security Council and the Military Staff Committee is a case in point. I was able to bring the Canadian views on certain aspects of these rules of procedure informally to the attention of the United States and United Kingdom delegations. There will be occasions on which more important and direct Canadian interests are affected by the work of the Security Council.

(b) The Canadian representative would maintain contact with the Members of the Secretariat on specific questions as they arise. For example, when I was in New York I was able to arrange with the Secretariat that the Department of External Affairs should receive a regular supply of all documents issued by the United Nations. I was surprised to find that the Secretariat took the view that they were under no obligation to supply member Governments of the United Nations with documents except those which the Government in question specifically asked for.

Questions having to do with the employment of the staff of the Organization and the recruitment of Canadian personnel are now much to the fore, and I had a number of discussions concerning these matters with members of the Secretariat in New York.

The Canadian representative in New York would also be in charge of making adequate arrangements for Canadian delegations to the meetings of the Economic and Social Council and of the Assembly. He would be in a position to make arrangements regarding accommodation, etc., and also to ensure that the Department of External Affairs received full documentation in advance of these meetings.

The desirability of having a Canadian representative, at any rate from time to time, in New York, is much increased by the inadequacy of the existing

Secretariat. Indeed, Sir Alexander Cadogan gave it as his view that it would be highly desirable for all the Governments of the Commonwealth to have representatives in New York. He thought this essential if they desired to keep in touch with the work of the Organization and gave as his particular reason the shortcomings of the Secretariat, particularly in the formative months immediately ahead before the Organization is properly on its feet.

While for these reasons it would be useful to have a Canadian representative in New York, it would probably be premature to set up a full-fledged Mission to the United Nations at this stage. In the first place the Head of the Mission might find himself in a somewhat embarrassing position. As Canada is not a member of the Security Council, he would be very much on the outskirts of events during the interval when neither the Assembly nor the Economic and Social Council are in session. In addition, there would be the difficult problem of finding accommodation for a Mission. The Head of the Mission would either have to live in New York and commute to the temporary headquarters, or else follow the example of Sir Alexander Cadogan and take a house on Long Island. On the other hand, it would be useful to have a senior member of the Department of External Affairs permanently in New York, perhaps assisted by a Third Secretary, and installed in modest office space. It is doubtful whether accommodation could be made available in the offices of the Consulate as they are already pressed for space. If such a representative were appointed, it would be essential that he should be independent of the Consulate. The Consul General has not been concerned in United Nations matters and it would be a mistake, both from his point of view and the point of view of the representative to the United Nations, to involve their very different functions under one jurisdiction. It is my impression from my talks with Mr. Scully<sup>1</sup> that he would agree with this view.

While it would be desirable to have a Canadian representative permanently in New York, it would not be essential, having in mind the shortage of senior personnel in the Department of External Affairs. The same purpose could perhaps be fairly adequately served by frequent visits, on the part of senior officers of the Department dealing with United Nations questions, to New York. These visits would obviously be timed to coincide with any important development in the affairs before the Security Council in which Canada is interested, but in any event not too long should be allowed to elapse between visits if the Department is to be kept in touch with developments. Such an itinerant Canadian representative could presumably continue to be accommodated in the Canadian Consulate.

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<sup>1</sup> Le consul général à New York.

<sup>1</sup> Consul General in New York.

561.

DEA/211

*Mémoire du chef, la deuxième direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

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

CONFIDENTIAL

[Ottawa,] April 25, 1946

CANADIAN REPRESENTATION TO THE UNITED NATIONS

(Mr. Ritchie's Memorandum of April 23, 1946)

1. If it were possible to find a man who possessed the peculiar combination of qualities necessary to fill the dual role of consul-general in New York and Canadian representative to the United Nations, the combination of the two posts might be the best solution to our problem. But the two jobs call for such different qualities that I doubt whether the man exists. The work of the Canadian consul-general in New York seems to be largely representational; he gives a large number of public speeches; he attends a large number of social functions; the people he mixes with are mainly financial and commercial. (His work is not therefore strictly comparable to the consular work done by the United States consul-general in Geneva before the war). The work of a Canadian representative to the United Nations would be mainly reporting and liaison.

2. Merely finding the man who could do both jobs would, of course, not in itself solve our problem. Since he would be able to devote only half his time to consular work, the consular staff of the office would have to be strengthened. He would need, on the United Nations side, one secretary of the status of Malania, or Côté, and probably a junior third secretary to do routine work.

3. This would involve a complete shake-up in the consulate-general. If that shake-up is not to be made I agree with Mr. Ritchie that the Canadian representative to the United Nations should be a first secretary or counsellor, that he should be assisted by a third secretary and that he should not come under the jurisdiction of the consul-general. He ought to have office space as near as possible to the Sperry Gyroscope plant rather than in New York which is 14 miles away. Perhaps the best solution would be what I understand is Cadogan's—to have his office and residence combined in a house on Long Island. If he cannot get office space near the Secretariat and has to get it in New York, then the advantages of sharing services with the consulate-general might outweigh the disadvantages of being in the same block of offices as the consulate-general.

4. I would give the establishment of adequate Canadian representation to the United Nations the highest priority—above India, Sweden etc. If any new post is to be established I think it should be that to the United Nations. The reporting we would get from a United Nations post would be worth many

times the reporting from any other possible new post especially since we already get United Kingdom reports from these posts but not from New York. Our interests are more deeply involved in the success of the United Nations than in successful relations with any any one of the countries in which we are not now represented. We have an opportunity of exerting considerable influence on the development of the United Nations; our influence in many other spheres of international relations is pretty slight.

5. Probably also we would increase our chances of being elected to the Security Council if we publicize our serious interest in the United Nations by establishing a mission to it. We would also be more effective members of the Security Council if our representative in it could be advised by someone who had first hand knowledge of the work of the Council before our election.<sup>1</sup>

E. R[EID]

## SECTION D

### LÉGISLATION AU SUJET DE L'ARTICLE 41 DE LA CHARTE

### LEGISLATION WITH RESPECT TO ARTICLE 41 OF CHARTER

562.

DEA/5475-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] November 13, 1946

#### RE: CANADIAN LEGISLATION TO GIVE EFFECT TO ARTICLE 41 OF THE UNITED NATIONS CHARTER

1. The United Kingdom Parliament in April 1946 passed the United Nations Act, 1946 which in effect authorized the United Kingdom Government to discharge its responsibilities under Article 41 of the Charter by the passing of appropriate Orders in Council. A copy of the Act is annexed.† Article 41 of the Charter states that the Security Council may call upon the Members of the United Nations to apply measures not involving the use of armed force to give effect to its decisions. "These may include complete or partial interruption of economic relations by rail, sea, air, postal, telegraphic radio and other means of communication, and the severance of diplomatic relations".

<sup>1</sup>Une représentation permanente aux Nations Unies n'a été établie que le 1<sup>er</sup> janvier 1948 lorsque le Général A. G. L. McNaughton a été nommé délégué permanent aux Nations Unies.

<sup>1</sup>Permanent representation at the United Nations was established only on January 1, 1948 when General A. G. L. McNaughton was appointed Permanent Delegate to the United Nations.

2. The King, upon the advice of his Canadian Ministers, may sever diplomatic relations with any state. However, while it is within the Royal Prerogative to sever diplomatic relations, the Prerogative could not be regarded as extending to the interruption of economic relations with another state pursuant to a decision of the Security Council. It seems, therefore, that legislation would be required before measures of this nature could be properly taken, and that the Canadian Parliament is competent to enact such legislation. The Deputy Minister of Justice in May, 1946, concurred in this view.

3. Following World War I, the Canadian Parliament passed the "Treaty of Peace Act, 1919" which provided that the Governor in Council could make such Orders in Council and do such things as appeared to him to be necessary for carrying out the treaties of peace including the Covenant of the League of Nations, but no such Canadian legislation exists with respect to the Charter of the United Nations.

4. There is little likelihood of sanctions being imposed against any state by the Security Council in the near future. It seems, however, to be desirable that the Government should have power to give immediate effect to any action demanded by the Security Council under this article, since we are bound by the Charter to do so, and delay while awaiting the passage of special legislation by Parliament would be hard to explain in a time of crisis.

5. In July, 1946, Mr. N. A. Robertson raised in Cabinet the question of introducing a bill. He left a note on file stating "Cabinet have decided not to introduce legislation this session".

6. It seems to me that such a bill should be introduced. If you agree, I assume that you will raise the matter in Cabinet.<sup>1</sup>

L. B. PEARSON

## SECTION E

### PASSEPORTS ET FORMALITÉS FRONTALIÈRES

### PASSPORTS AND FRONTIER FORMALITIES

563.

DEA/5475-AE-40

*Mémorandum de la direction diplomatique<sup>2</sup> au chef, la direction diplomatique*

*Memorandum from Diplomatic Division<sup>2</sup> to Head, Diplomatic Division*

[Ottawa,] October 22, 1946

There is a marked trend at the present time toward a relaxation of travel restrictions throughout the world. Proposals are coming from many different quarters running the complete gamut even as far as the complete abolition of all passport and visa requirements.

<sup>1</sup> Un Bill concernant l'Article 41 fut présenté à la Chambre des communes en 1947. La troisième lecture a eu lieu le 24 juin et l'assentiment royal fut donné le 27 juin 1947.

<sup>2</sup> De J. H. Cleveland.

<sup>1</sup> A Bill respecting Article 41 was presented to the House of Commons in 1947. Third Reading was on June 24 and Royal Assent was given on June 27, 1947.

<sup>2</sup> By J. H. Cleveland.

A careful study of the Canadian position would, I think, be desirable as soon as possible in order that the various government departments concerned and indeed the different members within each department may be fully informed and adhere to a single Canadian policy. The following departments are concerned:

External Affairs	—	Diplomatic Division Economic Division First Political Division Security Officer
Dept. of Mines & Resources	—	Immigration Branch
Dept. of Trade & Commerce	—	Deputy Minister Chief, Tourist Development
Dept. of Finance	—	Foreign Exchange Control Board
Dept. of National Revenue	—	Customs & Excise
R.C.M.P.		

A communication† was received about two months ago from the Secretary General of the United Nations concerning a proposed meeting of experts to prepare the ground for the meeting of a world conference on the subject of passports and frontier formalities. The meeting was to be held before the end of 1946 and apparently had in view a general meeting on the subject sometime in 1947.

The United Kingdom and French Governments have just concluded an agreement providing for the reciprocal abolition of entry visas. We have been invited to join in the agreement but have not replied pending advice from the Director of Immigration. I think our reply will have to be that we do not wish to join in the agreement as it is premature from our point of view, but we cannot overlook the fact that Canadians who hold passports describing them as British subjects will undoubtedly be able to enter France without a visa under the terms of the agreement between the United Kingdom and France. France, I may say, has traditionally been anxious to relax border regulations.

During the first week of October, there was a meeting in London of the International Conference of National Tourist Organizations. Canada was represented by an Assistant Trade Commissioner on the staff of the High Commissioner in London. Canada was elected to a Committee to discuss the formation of a proposed International Tourist Organization to be a sub-Committee of UNESCO. The memorandum submitted to this Conference by the United Kingdom delegate indicates that the United Kingdom is bent on a policy of letting down the barriers. Such a policy would be in accord with Mr. Bevin's description of his foreign policy as "being able to go down to Victoria Station and buy a ticket for anywhere in the world and to hell with passports and visas".

As I recall, the head of one of our missions in South America reported a year ago that he had attended a meeting of representatives of a number of the South American Foreign Offices and they felt favourably inclined toward an easing of passport and visa restrictions. A recent unilateral announcement by the United States stated that Canadians might enter that country without

passports for periods up to six months, which indicates, I think, that their general feeling in the matter is becoming more liberal.

Two subjects which cannot be kept separate from passports and visas are immigration and the provision of haven for refugees. Although Canada may in many respects agree with other countries regarding passport and visa questions, as soon as the problems of immigrants and refugees are introduced, Canada finds herself largely alone. The countries of Europe are not likely to be selected by would-be immigrants in such proportions as to have a marked effect upon their culture. The United States too already has a large population and what is more its frontiers have largely disappeared. Canada has a small native population, an internal language problem, and its frontier districts are still many. Under the circumstances, Canada may appear in the role of a dog in the manger unless the whole question is handled with great care.

From the point of view of the Department of Trade and Commerce, especially the tourist season, abolition of frontier formalities is no doubt desirable.

History repeats itself.

Prior to the war of 1914-18, I understand that passport and visa formalities were slight. During the war, largely for reasons of security, the restrictions became more and more severe. After the war with the advent of the League of Nations and high hopes for a world at peace, many endeavours were made to get rid of all border formalities. In fact, restrictions on visas were in some measure removed. Pressure was brought to bear time and again in order to develop a reciprocal arrangement among the nations so that there should be the utmost freedom of travel. There was little endeavour to prevent westerners from travelling to any country in the world except the *bête noire* of Russia. With the outbreak of war in 1939, restrictions once more became severe. Now the reaction is setting in.

There are many matters to be considered before a final policy can be decided upon. I feel that as much information as possible should be obtained at once from all Government departments interested. This information should be pooled and then an interdepartmental meeting held to make a final decision on policy.

564.

DEA/5475-AE-40

*Mémorandum de la deuxième direction politique  
au chef, la direction diplomatique*

*Memorandum from Second Political Division to Head, Diplomatic Division*

[Ottawa,] November 4, 1946

RELAXATION OF TRAVEL RESTRICTIONS

(YOUR MEMORANDUM OF OCTOBER 22nd)<sup>1</sup>

1. The position of Canada as a country which is attractive to many would-be immigrants from Europe is very different from that of France and Great

<sup>1</sup> Le document précédent.

<sup>1</sup> Preceding document.

Britain, and we should be in no hurry to abolish the requirements for visas for all visitors and immigrants coming from Europe.

2. The main consideration is that of immigration policy. If visa requirements were abolished altogether, or if it was made too easy for anyone to get a six-months visa, there would undoubtedly be a large number of intending immigrants who would either ask permission to remain in Canada at the end of their six months, or who would remain without permission. With the relaxation of wartime regulations, it will be increasingly difficult for the Immigration authorities to locate persons remaining in Canada illegally.

3. The second consideration is that of security. Canadian Immigration officials on the Continent are being instructed to take additional precautions to prevent the admission to Canada of persons with criminal records or who might act as foreign agents. With the abolition of visas, there would be less means of preventing the entry of suspect persons.

4. In this connection, the best we could do towards assisting travel from European countries to Canada would be to encourage our offices abroad to deal as expeditiously as possible, and without reference to Ottawa, with requests for temporary visas from persons wishing to travel to Canada for reasons of business or pleasure. The difficulty in these cases will be to distinguish between persons who sincerely intend to return to their own countries and persons seeking a temporary visa with a view to requesting permanent landing once they are here. I do not believe, however, that it is good policy to ask every intending casual visitor from Europe to satisfy all the requirements of the Immigration Act before being allowed to set foot in Canada.

5. Early consideration must also be given to alteration of the regulations concerning the granting of temporary visas to persons of "Asiatic race". Quite apart from the question of Asiatic immigration, the restrictions on even temporary visitors from countries such as India and China (and the Middle Eastern countries) are invidious and are resented by those countries who are also members of the United Nations. It might be argued that visitors from Asiatic countries should be admitted under exactly the same conditions as visitors from other countries, whatever our ultimate immigration policy towards Asiatic peoples may be.

G. L. M[AGANN]

565.

DEA/5475-AE-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] December 17, 1946

An invitation has been received from the Secretary-General of the United Nations to participate in a Meeting of Experts preparatory to a World Con-

ference on Passports and Frontier Formalities. This meeting will convene on March 17th, 1947, at Geneva. The draft agenda is flagged at "A".†

The most important matters on the agenda are those concerning visa control. Last week we held a meeting at which there were present representatives of the Department of Trade and Commerce, Immigration Branch, Department of National Health and Welfare and R.C.M.P. It was agreed that we should prepare a record of the views of the meeting and submit it to the other Departments for concurrence.

I should like to have your approval of the attached letters<sup>1</sup>, flagged at "B", which I propose to sign and send to each of the Departments concerned.<sup>2</sup> Government policy is involved in two matters and I realize that a decision cannot be obtained at once. However, it seems desirable to discuss these matters at an official level and make recommendations to Cabinet as soon as possible. These two matters are:

1. An endeavour should be made to ease passport and frontier restrictions. This applies not only to aliens visiting Canada, but also to Canadians travelling abroad. We have already been approached by the Ambassador of France with a proposal for the mutual abolition of visas on our respective national passports. A short paper on the subject is flagged at "C".†

2. Both Immigration Branch and R.C.M.P. seek to exercise control over visitors. They admit that at present, the control by requiring visas is only partially effective, but do not wish to lose the substance for the shadow. A far more effective and satisfactory control could be exercised under a Registration of Aliens Act. Other countries such as the United States, the United Kingdom and the Union of South Africa have such an Act. A proposed outline of the provisions of such an Act is flagged at "D".<sup>3</sup> Do you feel that such legislation can be or should be obtained? Personally I have doubts about its wisdom, especially in its application to United States residents in Canada. However, if you so desire, I can have a memorandum prepared for the information of the Cabinet outlining in more detail the purpose of such legislation.<sup>2</sup>

It is desirable to have formal Cabinet approval before the Meeting of Experts in March,<sup>2</sup> as it will influence the attitude of our delegates in suggesting the form of any agreements which may be drafted for submission to the subsequent World Conference.<sup>4</sup>

L. B. PEARSON

<sup>1</sup> Voir le document suivant.

<sup>2</sup> Note marginale:

<sup>3</sup> Voir la pièce jointe du document suivant.

<sup>4</sup> La note suivante était écrite sur ce mémorandum:

<sup>1</sup> See following document.

<sup>2</sup> Marginal note:

<sup>3</sup> See enclosure to following document.

<sup>4</sup> The following note was written on the memorandum:

A general registration act with exemptions for British subjects and residents of U.S.A. might give occasion for the criticism that we are forming an Anglo-Saxon bloc or English speaking bloc against the rest of the world. Are not most of our visitors either British subjects or residents of U.S.A.? Do we need an act for a relatively small minority of our visitors?

L. S. ST. L[AURENT]

566.

DEA/5475-AE-40

*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*

Ottawa, December 30, 1946

Further to my letter dated December 6th, 1946,† the meeting of experts preparatory to a World Conference on Passport and Frontier Formalities has now been postponed from January 14th, 1947, to March 17th, 1947. The following persons were present at a meeting held on Tuesday afternoon, December 10th, 1946, to discuss matters on the agenda for the meeting of experts:

Mr. W. H. Measures	—	Dept. of External Affairs, Chairman
Mr. G. G. Congdon	—	Immigration Branch, Dept. of Mines and Resources
Dr. C. P. Brown	—	Dept. of National Health and Welfare
Mr. Fisher	—	Dept. of Trade and Commerce
Mr. D. Leo Dolan	—	Chief, Tourist Development Branch
Insp. Parsons	—	R.C.M.P.
Mr. G. G. Crean	}	Dept. of External Affairs
Mr. B. G. Sivertz		
Mr. A. E. H. P. Petrie		
Mr. J. H. Cleveland		

The representatives present at the above-mentioned meeting agreed to make the following recommendations to their respective departments:

1. It is recommended that Canadian delegates attend the meeting of experts to prepare for a World Conference on Passports and Frontier Formalities which is to be held in Geneva on March 17th, 1947.

2. It is further recommended that Canada should adopt a policy favouring the reciprocal abolition of visas by bilateral agreement under the auspices of the United Nations Economic and Social Council.

3. It is further recommended that it be the condition precedent to entering into any visa abolition agreements that assurance be obtained that there will be enacted a suitable amendment of the deportation provisions of the Immigration Act and also an Act providing for the registration of aliens in Canada.

It has already been decided that a representative of the Department of External Affairs will attend the meeting of Experts. It is for the consideration of the departments concerned to decide whether they desire to have delegates present at this meeting or not. It was the feeling of the representatives present at the meeting Tuesday afternoon that it would be desirable to have an immigration officer attend the meeting if possible but that the other departments would probably not need to be represented until the world conference which will take place at a later date.

I am enclosing a draft of proposed instructions† for the use of the delegates at the meeting in March insofar as the matters of travel documents, visas, police and health matters are concerned. If you agree, I should appreciate receiving the approval of your department in order that final instructions may be prepared and forwarded to the delegates as soon as possible.

The representatives present at Tuesday afternoon's meeting felt it was desirable to obtain a Canadian statute with respect to the registration of aliens in Canada. I am, therefore, enclosing for your information and comments a memorandum setting forth the main provisions which such an act should contain. The proposed Registration of Aliens Act can of course only be considered for purposes of interdepartmental discussion until Cabinet has indicated whether the introduction of such a measure will be approved or not.

[L. B. PEARSON]

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire de la direction diplomatique*<sup>1</sup>

*Memorandum by Diplomatic Division*<sup>1</sup>

CONFIDENTIAL

[Ottawa,] December 13, 1946

PROPOSED REGISTRATION OF ALIENS ACT

This act should contain the following provisions:

1. All aliens (with the exception of United States citizens) must register at the port of entry. They will be given an admission card which must be surrendered on departure. This provision will not, of course, apply to British subjects.
2. Representatives of foreign governments will be exempted from the provisions of this Act. At the port of entry only a pro forma will be completed and an application must be made to the Department of External Affairs within 30 days of entry for a diplomatic or other identity card.
3. Aliens must report at regular intervals (e.g. monthly) to the nearest post office, immigration or police office for endorsement of the card given them on entry.
4. The offices mentioned in (3) will inform Immigration Branch of all endorsements.
5. Persons who have been granted visas will be included in the registration.
6. Immigrants will be included in the registration but after they have been granted a permanent landing reporting will be on an annual basis only.
7. A penalty should be provided for non-compliance with the terms of the Act. Non-compliance will also be a ground for deportation from Canada.

<sup>1</sup> De J. H. Cleveland.

<sup>1</sup> By J. H. Cleveland.

8. Special provisions should be made for short term visitors crossing the United States border.

9. The Minister may, in his discretion, exempt certain persons or groups of persons from the provisions of this Act.

PARTIE 7/PART 7

INSTITUTIONS SPÉCIALISÉES  
SPECIALIZED AGENCIES

SECTION A

ORGANISATION INTERNATIONALE DU TRAVAIL

INTERNATIONAL LABOUR ORGANIZATION

567.

CH/Vol. 2105

*Mémoire du conseiller,<sup>1</sup> la délégation à l'Assemblée générale des Nations Unies, au représentant,<sup>2</sup> la délégation à l'Assemblée générale des Nations Unies*

*Memorandum from Adviser,<sup>1</sup> Delegation to the General Assembly of the United Nations, to Representative,<sup>2</sup> Delegation to the General Assembly of the United Nations*

[London,] January 11, 1946

RELATIONS OF THE I.L.O. WITH THE UNITED NATIONS

When the Prime Minister and Mr. Robertson were in London in October, just before the Labour Conference in Paris, I discussed with Mr. Robertson the position the Canadian Delegation should take in the Constitutional Committee at Paris. He felt then that the Constitutional Committee should tread most carefully in matters relating to the United Nations and his own view was that it would probably be better to defer discussion of the question, as he feared that an insistent and outspoken demand from the I.L.O. Conference for immediate association with the United Nations might damage, rather than help, the I.L.O.'s position. In a brief conversation which Mr. Robertson and I had with Mr. King, the impression I got from Mr. King was that he too felt that it was better to avoid the issue.

During the Conference Mr. Robertson came to Paris and I had a further conversation with him about the efforts which some of the Delegations at the Conference were making to induce the U.S.S.R. to look more favourably on the I.L.O. As a result of this conversation the following statement was drafted,

<sup>1</sup> Alfred Rive.

<sup>2</sup> Paul Martin.

in consultation with Mr. Robertson and later approved by him in a telephone conversation after he had returned to London. This statement was embodied in the address of the First Delegate, Mr. Gray Turgeon, in the Plenary Session:

It is the earnest hope of the Canadian Government that the International Labour Organization will become universal. We should not, however, despair if universality is not achieved immediately. It should be remembered that a number of the staunchest of the present Members of the Organization remained outside for some years. Their absence, no doubt, limited the effectiveness of the Organization, but at no time was its existence imperilled. Let us, therefore, carry on with the work of the Organization so far as we are able, confident that if it is well and truly done, our place with the United Nations will be assured by the work we achieve, and that eventually the nations outside the Organization may be convinced by the practical demonstration of the value of our work that their absence from our councils is their loss. Let us take our decision in all matters with regard only to their effect on the achievements of the Organization in its proper field, and not with the idea that we must secure more Members at any cost.

You will note also that the statement implies that the I.L.O. should not press its case for immediate tying-in with the United Nations in the statement—"Our place with the United Nations will be assured by the work we achieve."

Since the Conference I have had further discussions with a number of people both in the Secretariat of the I.L.O. and members of national Delegations. While opinion is divided, it is safe to say that the majority feel that it would be better, if possible, to avoid the issue of the association of the I.L.O. with the United Nations Organization at this time. The reasons officially given for this are that the I.L.O. has first to become an independent organization, that is to complete its severance from the League, and has to achieve the right to amend its own constitution. This means waiting until the Instrument of Amendment, approved by the Conference and now before Governments, has been ratified, and, presumably, until after the meeting of the League Assembly.

My impression is that the result of the decision of the United Nations to put the Headquarters in the Eastern United States has strengthened the views of those who think that the I.L.O. should not press its case before the United Nations at this time. They feel that, with the Headquarters at Montreal, they are favourably located to keep in touch in an informal way with what is going on in the Assemblies, Committee Meetings and Secretariat of the United Nations, and to bide their time.

I think I should add that many people seem to feel that the strongest argument against pressing the I.L.O. case at this time—one which cannot be used publicly—is that the Acting Director, Mr. Phelan, is understood to be very much out of favour with the Soviet Government, and that the first step to negotiations with the United Nations and eventually to securing Russian adherence to the I.L.O., must be the selection of a Director who is likely to have the confidence of the Soviet Union.

I have passed copies of this memorandum to Mr. Wilgress and Mr. Rasminsky, and I attach two extra copies in case you wish to pass one to Mr. St. Laurent.

568.

DL/8-2-3-29

*Le directeur de l'information, le ministère du Travail,  
au sous-ministre du Travail*

*Director of Information, Department of Labour, to  
Deputy Minister of Labour*

Ottawa, January 21, 1946

SUBJECT: CONFERENCE OF THE I.L.O. IN MONTREAL, 1946

As you are aware, the next I.L.O. Conference will be held in Montreal in September, 1946.

Decision was taken on the place of meeting at the Governing Body meeting following the Paris Conference. It was obvious that the Office, as well as most of the members of the Governing Body, wanted to hold the next meeting at Montreal: I think one consideration was the particular difficulties in regard to accommodation for this convention in Europe, while the fact that previous Conferences had been held in the U.S.A. rather ruled out that country.

Mr. Alfred Rive, as your alternate on the Governing Body spoke on the subject before the decision was taken. Mr. Rive had precise instructions from our own department, and following these instructions he told the Governing Body (in effect) that if the decision was to come to Montreal, Canada would be glad to welcome the meeting. Perhaps as a matter of convenience this was interpreted as an invitation from the Government of Canada—but there was no intention of issuing any such invitation in so far as External Affairs was concerned. Nevertheless, the Convention will be held in Montreal.

Even though the Canadian Government did not issue a formal invitation, and even though it is up to the Office to make arrangements for the meetings, the accommodation of those in attendance, and so forth, I suggest that the Government of Canada should play some part in making the arrangements, and should provide something in the way of entertainment.

I would suggest that it is not too early to move in this matter, and that appropriately the Labour Department might set up a committee to go into the question. I think the committee should include membership from External Affairs and possibly from the Tourists' Bureau. Perhaps also one member from the Canadian Information Service, to look after publicity, would not be out of the way. It does not occur to me at the moment that any other Dominion Government Department should be represented.

Whether such a committee should be made by Order-in-Council, or whether it could be set up simply on the motion of the Minister of Labour, is a matter to be decided. I should not think an Order-in-Council necessary.

The committee could first of all study what has been the custom in the matter of entertaining groups such as this when they meet in Canada; what has been the custom in regard to entertainment of the I.L.O. by host-governments; and by conferring with the International Labour Office, in what area should any assistance given by Canada properly lie.

While it would not really be a matter for the above-mentioned committee to deal with, I suggest that steps should be taken to ensure that the Minister of Labour would be elected chairman of the Conference: this is a usual practice in these matters, and was followed in Paris when the Minister of Labour for France was elected Conference Chairman.

I should be very glad to give any assistance in connection with the above, which may be possible.

V. C. PHELAN

569.

DL/8-2-3-29

*Mémorandum du directeur des relations industrielles,  
le ministère du Travail, au sous-ministre du Travail*

*Memorandum from Director of Industrial Relations,  
Department of Labour, to Deputy Minister of Labour*

Ottawa, February 2, 1946

With reference to the attached, I agree that the Department might take some action along the lines suggested by Mr. Phelan in his memorandum to you of January 21.

I realize that during the war years the Department had been too much immersed in other activities to pay much attention to I.L.O. affairs, but I think that probably the time has come when the Department of Labour should not allow the External Affairs Department to take the lead in all matters affecting our membership in the I.L.O. This would be a good opportunity to make a start in that direction, and I suggest that either yourself or one or two of the senior officers of the Department might confer with I.L.O. officers on the matters brought forward by Mr. Phelan. After this preliminary conference was held, we would be in a better position then to make the necessary plans.

Certainly I think we should give I.L.O. officers every assistance and support in making arrangements for the general conference next September, and otherwise add to our reputation as good hosts to foreign delegations.

It would also be proper, I think, that we should take steps to see that our own Minister is properly honoured by the Conference by election either as

Conference Chairman or Honorary Chairman, the latter being suggested in the event that the Minister himself does not wish to be continuously in attendance.

M. M. MACLEAN

570.

DEA/74-Q-40

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures  
à la direction juridique*

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

[Ottawa,] August 17, 1946

In the absence of Mr. Renaud I am addressing this note to the Legal Division, but if he is to return in the near future, it might be forwarded to him. The attached communication from the Department of Labour<sup>1</sup> covers a proposal of the French Government for an important structural change in the I.L.O. The purpose of the change is to give equal voting power in the International Labour Conference and in the Governing Body to the three groups of Government, employers' and workers' representatives. At present the Government representatives have equal voting power with the employers and workers combined.

This is a drastic proposal, but perhaps not as drastic as it may appear at first sight. I doubt if there has ever been a case of any importance in which the employers and workers groups have voted together against the Government group. Both these groups normally vote solidly, whereas the Government group is frequently split and is likely to be still more frequently in the future. As I recall the I.L.O. Constitution, a majority of two-thirds is needed for important decisions, and I should think the adoption of the French scheme would be more likely to produce deadlock than to result in decisions which a majority of Governments were unwilling to accept.

It is, however, a matter on which our delegation to the Labour Conference should be instructed, and these instructions should have the endorsement of the Secretary of State for External Affairs, if not of the Cabinet as a whole. We should probably try to find out what some of the other Governments intend to do about this proposal. I am not, however, familiar with the recent discussions on the subject, and it may be that information on this last point is already available.

I think that in any case a note should be prepared for consideration, indicating the appropriate instructions to be given to the Canadian representatives.

H. W[RONG]

<sup>1</sup> Non trouvé.

<sup>1</sup> Not located.

571.

DEA/74-Q-40

*Mémorandum de la direction juridique**Memorandum by Legal Division*

[Ottawa,] August 30, 1946

## 29TH INTERNATIONAL LABOUR CONFERENCE

1. Telegrams have been received from the United Kingdom Government (Circular D.802 and 803 of August 28, 1946)† advising that they are strongly opposed to the French proposals of amendment to the Constitution of the International Labour Organization to be discussed at the forthcoming International Labour Conference, and asking for the views of the Canadian Government on the matter.

2. The French proposals are:

(a) that, as regards the General Conference of the Organization, States members should no longer be represented by four delegates, including two Government representatives, one employers' and one workers' representative, but by two delegates of each category, and further that one of the employers' delegates should be selected from among managers of nationalized or municipal undertakings where such undertakings exist; and

(b) that, as regards the Governing Body of the International Labour Office, which consists of 16 Government, 8 employers' and 8 workers' members, employers' and workers' members should have two votes each.

3. These proposals, as originally submitted by the Belgian Government, in a slightly modified form, have already been discussed by the International Labour Conference at its 27th Session held in Paris last year, and by a Delegation of the Conference which met in London in January, 1945.

The Belgian delegate, supported by the delegate of France, argued that the world had changed greatly since 1919, and representation at I.L.O. meetings should correspond to the economic structure of the country concerned. The solidarity of the Big Five was the only basis on which world peace could be maintained, and the I.L.O. must adapt itself to the changed circumstances in order to secure Big Five solidarity in support of its activities.

With the exception of the French Government representative and Mr. Joubaux, the French workers' delegate, who was absent, the Conference Delegation on Constitutional matters, to which the matter was referred for consideration, was unanimously against the proposals. They considered "that the modification of the system of representation in the Organisation on the basis of the proposals made at the Paris Session of the Conference would be seriously prejudicial to the unity and effectiveness of the Organisation without affording any guarantee of the active participation in the Organisation of all members of the United Nations or of all sections of the labour movement in all Member States. They would regard any change in the present proportions of representation as gravely impairing the authority of the Organisation by

diminishing the influence of Governments in its deliberations and decisions, and they consider that it is no less true today than it was in 1919 that if the relative voting power of the Governments were to be reduced 'it might often happen that Conventions adopted by a two-thirds majority of the Conference would be rejected by the legislatures of the various States, which would have the effect of rendering the proceedings of the Conference nugatory and would quickly destroy its influence and prestige.' They also considered that such a change would weaken rather than strengthen the Organisation in its relations with other international institutions."

4. The main reasons for which the United Kingdom Government are opposed to the French proposals may be summed up as follows:

(a) The adoption of the French proposals would enable conventions and recommendations to be passed against the combined votes of all the Governments, which have the ultimate responsibility for their implementation.

(b) It would encourage the Conference to adopt conventions and recommendations of an impracticable nature, which would be rejected by national legislatures, with the result that the Conference will fall into disrepute.

(c) Government representatives might be outvoted on financial matters by parties which have no responsibility for raising the money or for accounting to the taxpayers who provided the funds.

5. As regards paragraph 4, point (a) of the present memorandum, it should be recalled that, under the I.L.O. Constitution, once a draft Convention is adopted by the Conference, States members are bound to submit its text to their legislature, and if the text is approved by the legislature, necessarily to execute and deposit the instrument of ratification.

It should also be recalled that the I.L.O. Constitution may be revised by a majority of two-thirds of the votes cast by the delegates present at the Conference and that the amendments take effect when ratified by the States whose representatives compose the Council of the League of Nations and by three-fourths of the Members.

6. As regards paragraph 4, point (c), it should be pointed out that the financial regulations as adopted by the Governing Body of the I.L.O. at its last session, subject to ratification by the Conference, provide that the annual budget of the Organisation shall be finally adopted by a majority of two-thirds of the votes cast by the delegates present at the Conference.

7. It may be feared that the selection of a second employers' and workers' delegate would lead to great difficulties in certain countries such as Canada, in view of the composite nature of the population, the mixed organisation of labour and the division into states or provinces.

Referring to this aspect of the matter, the Conference Delegation on Constitutional Questions states in its report:

Both Government and Worker as well as Employer members of the Delegation felt that the Belgian proposals in regard to the representation of socialised management in countries with mixed economies anticipated rather than reflected the trends of development in the world as a whole, and so far from recognising facts

and setting the International Labour Organisation above conflicts of ideology, their adoption would involve espousing theories and provoking an ideological conflict which would create a profound division of opinion within the Organisation... If a separate delegate (were given) to socialised management... one of two results would inevitably follow: either Governments would in practice get an additional vote, in which case the equilibrium between the employers and workers which was the only basis on which they could be expected to negotiate with each other in the Conference would be destroyed; or they would not in practice get an additional vote, in which case their position in relation to the other two groups would be weakened.

The proposal that the number of Workers' delegates should be increased in order to allow representation for minority labour movements was regarded by the majority of the Delegations as based upon a misconception and calculated to place a premium on labour disunity throughout the world... It is not uncommon for there to be two or more organisations in a country representing workers or employers, and the rivalry between them is frequently acute and sometimes bitter. To establish a reward for minority trade union movements in the form of representation at the Conference would tend to encourage minority movements. This would be a great disservice to both labour and the community. There were further dangers. If national contending parties were brought into the I.L.O. on the basis of separate representation, the I.L.O. would become a forum for national battles on national problems, and domestic differences would be projected into the international sphere and hardened in a manner destructive of national unity and labour unity alike. The participation in committee work of rival workers' delegates from each country, each with his separate group of advisers, would impair the unity of the workers' group, thereby both weakening its voting strength in the Conference and increasing the difficulty of negotiating compromise solutions of controversial questions. The doubling of representation would also make the whole machinery of the Conference unwieldy.

8. It is suggested that the United Kingdom Government be advised that their views as expressed in their telegrams under reference are shared by the Canadian Government, and that the Canadian Government delegation will be instructed accordingly.<sup>1</sup>

P.-E. RENAUD

572.

DL/8-2-3-29

*Le ministre du Commerce et de l'Industrie de l'Alberta  
au ministre du Travail*

*Minister of Trade and Industry of Alberta to Minister of Labour*

Edmonton, September 7, 1946

Dear Mr. Mitchell,

ILO CONSTITUTIONAL QUESTIONS—29TH SESSION OF THE I.L. CONFERENCE,  
MONTREAL, SEPTEMBER 19 TO OCTOBER 12

The Alberta Provincial Government has given consideration to the proposed amendment to Article 19 of the constitution of the above organization as you

<sup>1</sup> La proposition française fut retirée avant de passer à un vote.

<sup>1</sup> The French proposal was withdrawn before it came to a vote.

requested us to do in your letter of August 13, 1946, so that the views of this Province can be ascertained in the submission of the Delegation of the Dominion Government to the September Conference of the I.L.O.

We are at a loss to understand why the Dominion Government should seek to bind the Provinces in an International Agreement in matters over which the Dominion Government has no jurisdiction under the British North America Act.

We would be most willing and ready to receive from the Dominion Government or other interested bodies any recommendations regarding matters pertaining to the moral, physical or intellectual well being of wage earners at any time, with a view to uniformly high standards for Labour. Our present legislation and regulations bear testimony to that. Never-the-less the constitutional responsibility of accepting or rejecting any such recommendations belongs to the Province and cannot be assigned to the Dominion Government.

While we have no objections whatever to you reporting, as a member state, to the I.L.O. our Provincial laws and practices relating to labour whether they are related to a Convention or a Recommendation of the I.L.O. or not, we do object to the ratification by the Dominion Government of I.L.O. Conventions that are within the exclusive jurisdiction of this Province before the Provincial Legislature has passed the appropriate legislation.

Particularly do we object to the Dominion ratifying a Convention on a matter lying within the exclusive jurisdiction of the Province if the later modification by the Province of any legislation so ratified by the Dominion could bring economic sanctions against the Dominion of Canada or the Province.

There is another aspect of this delegation of Dominion autonomy to international organizations given the power to invoke sanctions upon which the Government of Alberta holds very definite views which should be expressed at this time.

We deplore the trend whereby the Dominion Government is gradually sacrificing Canadian sovereignty to international organizations. If the Dominion Government has deprived itself of a measure of sovereignty by assigning it to international authorities it should not try to recoup its position by assuming in whole or in part jurisdiction over matters that were granted exclusively to the Provinces under the British North America Act.

We cannot agree to sacrifice the general high standards and welfare of the labouring class of this Province to any international organization.

Finally we again protest most vigorously the consistent and persistent efforts of the Dominion Government in endeavouring to encroach on the field of jurisdiction of the Provinces and appropriate piecemeal the powers of the provinces. Premier Manning has recommended more than once at the recent Dominion-Provincial Conference a comprehensive review of the powers of both the Dominion and the Provinces in order to enable both to discharge more effectively the responsibilities imposed upon them. We still feel this is the only way that the Dominion and the Provinces can best adjust the problems of modern days.

We understand that the Dominion Government has already ratified a certain number of Conventions passed by the I.L.O. If this is the case, we would appreciate receiving a copy of the Conventions so ratified.

Yours truly,

C. E. GERHART

573.

PCO/U-41-D

*Le sous-secrétaire d'État associé aux Affaires extérieures  
au greffier du Conseil privé*

*Associate Under-Secretary of State for External Affairs  
to Clerk of the Privy Council*

Ottawa, September 17, 1946

I have doubts about the need and the wisdom of our making this extra contribution to the I.L.O. I understand from Mr. Renaud that in putting it forward the I.L.O. stated that the United States Government and the French Government had made special contributions as the host countries toward the expenses incurred in holding the last two International Conferences in Philadelphia and Paris respectively. I think too that the Mexican Government, the Cuban Government and the Chilean Government made some special contributions when regional American labour conferences were held in their capitals during the past ten years. There is, therefore, precedent for the host country taking action of this sort.

Nevertheless there are some reasons against our following these precedents. First, the I.L.O. has had its temporary headquarters in Montreal for over five years and is holding the Conference at the seat of its current activities. The suggestion that the Conference should be held there came from the I.L.O. and not from the Canadian Government; whereas in most of the other cases cited I recall that there was competitive bidding between various countries to secure the holding of the Conference. Secondly, Canada already makes an unduly large contribution proportionately to the finances of the I.L.O. and, in particular, because the United States is under-assessed (at 108 units) in comparison with the Canadian assessment of 35 units. We are also one of a fairly short list of member countries which have supported the I.L.O. financially steadily since its inception, always paying our contribution in full and on time.

I am, therefore, inclined to think that the expenses of converting space in the University of Montreal so as to equip it for a conference hall is a charge that can appropriately be made from the general funds of the I.L.O. If they have not budgeted for this charge it is their own fault as it was settled long ago that the Conference would take place in Canada.

H. W[RONG]

574.

DL/8-2-3-29

*Mémorandum du ministre du Travail au Cabinet*  
*Memorandum from Minister of Labour to Cabinet*

[Ottawa,] September 19, 1946

RE: PROPOSED AMENDMENT TO ARTICLE 19(9) OF THE CONSTITUTION OF THE INTERNATIONAL LABOUR ORGANIZATION DEALING WITH THE APPLICATION BY FEDERAL STATES OF CONVENTIONS AND RECOMMENDATIONS ADOPTED BY THE INTERNATIONAL LABOUR CONFERENCE

1. The Constitution of the I.L.O. requires every member thereof to submit all Conventions and Recommendations adopted by the International Labour Conference for consideration "to the authority or authorities within whose competence the matter lies, for enactment of legislation or other action".

In the case of a Convention the member State is, if it obtains the consent of the competent authority, further required to communicate the formal ratification of the Convention to the I.L.O. and to take such action as may be necessary to make its provisions effective.

On the other hand, a Recommendation is simply designed to place before the competent authority or authorities in the member countries a recommendation of principles on a subject matter which is considered incapable of being reduced to any universal and uniform mode of application by the different countries. Such recommendations leave the member States freedom to consider and apply them in the manner as suited to their conditions and do not involve ratification.

2. The practical difficulties involved in the ratification of Conventions by federal States whose power to enter into Conventions is subject to limitations, was recognized and met by the following provision in the Constitution as set forth in the Treaties of Peace in 1919 (see Section 19(9)):

In the case of a federal State, the power of which to enter into Conventions on labour matters is subject to limitations, it shall be the discretion of that Government to treat a draft Convention to which such limitations apply as a Recommendation only, and the provisions of this Article with respect to Recommendations shall apply in such case.

3. The Canadian Government practice, in the case of Conventions which are within provincial jurisdiction to give legislative effect to, has been to forward such Conventions to the Government of the Province for action or otherwise, and to report to the I.L.O. from time to time with respect to the action taken.

4. Unitary member States have been dissatisfied with this provision and have considered that a federal State should assume greater responsibilities, with a view to the ratification and implementation of Conventions which are within the legislative competence of its component provinces or states.

5. The matter was discussed at the 1945 Session of the I.L.O. but no recommendations were made, pending a conference which it suggested

should be held between representatives of the I.L.O. and representatives of the federal member States. A Committee of the Governing Body was accordingly appointed to consider the matter and a meeting was held in Montreal in May last at which representatives of the federal member States were present by invitation, including Australia, Canada, India and the United States.

In the result, the Committee of the Governing Body dealing with the matter have submitted for discussion and consideration by the International Labour Conference opening in Montreal on September 19th, an Amendment to Article 19(9) which would require the federal member States to make effective arrangements to ensure that Conventions and Recommendations which are within provincial or local state competence to deal with are brought before the appropriate provincial authorities (i.e. legislative) within eighteen months; to arrange for periodical consultations between the Dominion and the Provinces to provide co-ordinated action with respect to Conventions and Recommendations; to report to the I.L.O. on the action taken; to report to the I.L.O., where Conventions are not ratified, on the law and practice in Canada in regard to the Convention; and, as requested, to report to the I.L.O. in regard to any Recommendation which is given effect to, or the law and practice on the subject of the Recommendation.

6. The text of the proposed Amendment, summarized above, is as follows:

In the case of a federal State, the provisions of this Article shall apply subject to the following modifications:

(a) In respect of Conventions and Recommendations which the federal Government regards as appropriate for federal action, the obligations of the federal State shall be the same as those of Members which are not federal States;

(b) In respect of Conventions and Recommendations which the federal Government regards as appropriate, in whole or in part, for action by the constituent States or Provinces rather than for federal action, the federal Government shall

(i) make, in accordance with its Constitution and the Constitutions of the States or provinces concerned effective arrangements for the reference of such Conventions and Recommendations not later than eighteen months from the closing of the session of the Conference to the appropriate authorities of the States or provinces for the enactment of legislation or other action;

(ii) arrange, subject to the concurrence of the State or provincial Governments concerned, for periodical consultations between the federal and the State or provincial authorities with a view to promoting within the federal State co-ordinated action to give effect to the provisions of such Conventions and Recommendations;

(iii) inform the Director of the International Labour Office of the measures taken in accordance with this Article to bring such Conventions and Recommendations before the appropriate authorities of its constituent States or provinces with particulars of the authorities regarded as appropriate and of the action taken by them;

(iv) In respect of each such Convention which it has not ratified, report to the Director of the International Labour Office, at appropriate intervals as requested by the Governing Body, the position of its law and practice in regard to the Convention, showing the extent to which effect has been

given, or is proposed to be given, to any of the provisions of the Convention by legislation, administrative action, collective agreement, or otherwise;

(v) In respect of each such Recommendation, report to the Director of the International Labour Office, at appropriate intervals as requested by the Governing Body, the position of the law and practice of the various States or provinces in regard to the Recommendation, showing the extent to which effect has been given, or is proposed to be given, to the provisions of the Recommendation and such modifications of these provisions as have been found or may be found necessary in adopting or applying them.

7. Representatives of the United States at the meeting in Montreal in May last were favourably disposed towards the substance of the proposed Amendment, and representatives from Australia did not believe that the proposed Amendment would be objected to by Australia.

8. This Recommendation was referred to the Provincial Governments on August 13th and replies were received from all provinces approving acceptance except in the case of Prince Edward Island, which expressed no opinion, and Alberta. Alberta set out some objections which are apparently based on a misunderstanding of the effect of the change and indicated the difficulty of provinces committing themselves irrevocably to an international standard ratified by the Dominion.

#### 9. RECOMMENDATION.

It is recommended that the Canadian Delegation to the 29th Session of the International Labour Conference, which opens in Montreal on September 19th, be instructed to agree to the proposals contained in the draft Amendment.<sup>1</sup>

575.

PCO/U-41-D

*Le sous-ministre du Travail au secrétaire du Cabinet*

*Deputy Minister of Labour to Secretary to the Cabinet*

Ottawa, September 20, 1946

Dear Mr. Heeney,

With reference to your letter of September 19<sup>†</sup> and the attached communication from Mr. Wrong.

At the time the Recommendation to Council was submitted we did not know that Mr. Wrong was not in favour and, as a matter of fact, my information was to the effect that he favoured the idea. After the Recommendation was signed I learned that Mr. Wrong held an unfavourable view. I spoke to my Minister about it and he was very strongly in favour of making the grant.

The reasons advanced are, briefly, as under:

1. As stated by Mr. Wrong there are many precedents for the host country taking action of this sort. The probabilities are that this will be the last occa-

<sup>1</sup> L'approbation du Cabinet fut donnée le 2 octobre 1946.

<sup>1</sup> Cabinet approval was given on October 2, 1946.

sion for a long period of time when Canada will act as the hosting Government;

2. I am not too sure that Honourable Mr. Martin did not invite the I.L.O. to hold the conference in Ottawa. I was told that such is the case although I cannot quote time and place.

3. On the question of regular contributions being made by Canada, I do feel that the smaller countries are probably bearing too large a share but we have made moves to have this corrected.

4. During the two days I attended the meetings of the Governing Body at Montreal I found that Canada stood extremely high amongst the nations attending the conference. I would think it might be inadvisable to refuse this contribution under the circumstances.

5. In using Montreal University for the conference special desks and other facilities had to be erected and put in the conference hall and the expense was quite great. I should think if a request had been made by the I.L.O. that the necessary structural alterations be made by the Canadian Government the request might have been looked upon favourably. The contribution we have proposed is only about one-half the expense.

6. The cost of the conference has been budgeted. However, the structural alterations to Montreal University were not anticipated and one can understand why such is the case.

I am sure the Minister would like to see this Recommendation put through and I am still of the opinion that it should be agreed to for the reasons I have stated.<sup>1</sup>

Yours very truly,

A. MACNAMARA

576.

DEA/74-Q-40

*Mémoire de la direction juridique au chef, la direction juridique*

*Memorandum from Legal Division to Head, Legal Division*

[Ottawa,] October 1, 1946

CONSTITUTION

INTERNATIONAL LABOUR ORGANIZATION

Mr. Renaud asked me to bring to the Department's attention his views on the proposed amendment to Article VII (3) of the Constitution which deals with the declaration of the Governing Body as to which are the members of the Organization of chief industrial importance.

<sup>1</sup> M. Wrong a retiré ses objections avant que le Cabinet ne donne son approbation.

<sup>1</sup> Mr. Wrong withdrew his objections before the Cabinet gave its approval.

Mr. Renaud recommended that the Canadian delegation support the amendment but felt that there should be an appeal to the Conference from this declaration. This suggestion from Mr. Renaud did not at first receive the support of the Department of Labour but, according to a copy of a telegram which Mr. MacNamara sent to Mr. Renaud (attached) † dated the 26th September, the Department of Labour now suggests that this amendment be placed before the committee for consideration. Mr. Renaud also told me that the Legal Adviser of the International Labour Organization was anxious that his suggestion receive consideration.<sup>1</sup>

H. F. D[AVIS]

577.

DL/8-2-3-29

*Le secrétaire, la délégation à la Conférence internationale du Travail,<sup>2</sup>  
au délégué,<sup>3</sup> la délégation à la Conférence internationale du Travail*

*Secretary, Delegation to the International Labour Conference,<sup>2</sup> to  
Delegate,<sup>3</sup> Delegation to the International Labour Conference*

[Montreal,] October 5, 1946

The attached speech was delivered by Mr. Renaud this afternoon in the Constitutional Committee. After Mr. Renaud spoke, Mexico and Australia withdrew their amendments in favour of the Canadian amendments, which was then unanimously adopted.

JOHN MAINWARING

[PIÈCE JOINTE/ENCLOSURE]

*Discours du délégué suppléant,<sup>4</sup> la délégation  
à la Conférence internationale du Travail*

*Speech by Alternate Delegate,<sup>4</sup> Delegation  
to the International Labour Conference*

ON ARTICLE 7(3)

Mr. Chairman,

I have the honour to move that a proviso be added to the Conference Delegation's proposal. The English and Spanish texts of the proviso will be found in document D.18, and the French Text as revised in document D.18A.

<sup>1</sup> Les notes suivantes étaient écrites sur ce mémorandum:

Mr. Wrong.

Herewith Report II (1) Constitutional questions with the suggested amendment flagged. Also copy of Renaud's amendment. H. F. D[AVIS] 3rd Oct.

I haven't seen the text of the amendment and so cannot form any opinion.

H. W[RONG]

<sup>2</sup> Vingt-neuvième session.

<sup>3</sup> A. MacNamara.

<sup>4</sup> P. E. Renaud.

<sup>1</sup> The following notes were written on the memorandum:

<sup>2</sup> Twenty-ninth session.

It is the Canadian Delegation's view that, under the existing Constitution, the Conference, and not the Governing Body, is the competent organ to determine the States Members which are of chief industrial importance.

This view, based on both legal and historical grounds, was presented to the Governing Body by the Canadian Government member, on the 31st January 1934. When the Canadian member resumed his seat, the Director acknowledged that the speaker had put forward arguments the force of which, he, the Director, fully recognised.

The Canadian delegate first observed,—and his observation remained unchallenged,—that no provision could be found in the Constitution authorizing the Governing Body to fix the list of States Members of chief industrial importance. That it was so, Mr. Oersted expressly conceded.

The Canadian delegate further pointed out that, under Article 7 of the Constitution, which lays down the composition of the Governing Body, the members of each group in the Governing Body were to be selected by their respective groups as constituted in the Conference,—that is, the Government members by the Government group, the Employers' members by the Employers' group, and the Workers' members by the Workers' group. The letter and spirit of Article 7 were unequivocally to the effect that each group, including the Government group, should determine its own representation. This was a natural consequence and condition of the tripartite character of the Organization.

After analysing the Constitution, the Canadian delegate went on to review the interpretation thereof as given by the highest authorities. He first recalled the advisory opinion of the Secretary-General of the League of Nations, as set forth in a report to the Council dated 26th June 1922. This report was drawn up after extensive consultation. Among those consulted were Mr. Anzilotti, judge of the Permanent Court of International Justice, Mr. McKinnon Wood, Legal Adviser of the League Secretariat, Mr. Arthur Fontaine, chairman of the Governing Body, and Mr. Jouhaux. In his report the Secretary-General set out that "the first step in the procedure (for the renewal of the Governing Body) must be the recognition by the *Conference* of a list of the eight Members of chief industrial importance".

The Canadian delegate further recalled the interpretation given by the Council of the League of Nations. This was set forth in Viscount Ishii's report adopted by the Council on the 30th September 1922. This report emphatically stated that "the duty of drawing up the list of eight chief industrial countries was primarily the function of the International Labour Conference".

Examining the question from the historical angle, the Canadian representative reminded the Governing Body that the first list of eight States Members of chief industrial importance, which was submitted to the Washington Labour Conference of 1919 by the Organising Committee at a time when the Governing Body did not yet exist, was definitely fixed by the Conference itself. Commenting upon this observation, Mr. Jouhaux remarked: "The fact exists, and it can certainly be contended that the action of the Conference

proves in a certain measure that it is the International Labour Conference which is competent to decide the question.”

The Canadian representative finally recalled that in 1922, when the first list of the eight States Members of chief industrial importance was revised, the Governing Body proposed an amendment to the Conference which, if adopted, would have had the effect of changing the basis of the list. The proposed amendment was rejected, and it was important to observe that, on this occasion, the Governing Body did not adopt the changes itself, but only recommended their adoption to the Conference.

This was the only occasion, at the time the Canadian delegate spoke, on which the Governing Body could have been said to have taken any action in the matter of the eight States Members of chief industrial importance, and, on this occasion, it has not assumed the power of revising alone the list of eight States.

In 1934, it is true, the Governing Body assumed that power. But, when the Legal Adviser of the Office was asked to justify that assumption, he referred, in a note on the legal situation dated 17 January 1934, to the resolution adopted by the International Labour Conference on 22nd June 1934 [*sic*], which states that, in the event of a named Government accepting membership of the Organisation, the Governing Body was authorized to arrange with that Government any question arising out of its membership. This resolution could be regarded as an ad hoc delegation of power to meet a quite exceptional case. That it is so, is confirmed by the Conference Delegation, which states in its Report, paragraph 27, that it is “upon a de facto basis” that the Governing Body in the subsequent cases, exercised the power of determining the members of chief industrial importance.

Should any doubt remain as to the paramount competence of the Conference to deal with the matter of the eight States, it should be removed by the examination of the amendments standing before us. It is obvious that their authors consider that the Conference, as sovereign organ of the Organisation, is absolutely free to decide that it belongs to itself as well as to the Governing Body, or to both, to determine the eight States Members of chief industrial importance.

But this Committee is not a court which has to decide what the law is. It is a constituent assembly which has to declare what the law should be. The Canadian Delegation, for reasons of convenience and in a spirit of cooperation is prepared to vote for the text of Article 7 paragraph 3 as proposed by the Conference Delegation on Constitutional Questions, subject, however, to a proviso, namely: that, “Any appeal from the declaration of the Governing Body as to which are the Members of chief industrial importance shall be decided by the Conference”, and on the understanding that “an appeal to the Conference shall not suspend the application of the declaration.

This proviso will have the effect of maintaining, *mutatis mutandis*, the right of appeal provided for in the existing paragraph 3 of Article 7, right of appeal which was exercised by India and Poland in 1920-1922. The second part of

the Canadian Delegation's amendment, namely the words "but an appeal to the Conference shall not suspend the application of the declaration", is borrowed from a Report on the matter adopted by the Governing Body on the 31st January 1934.

The object of the Canadian amendment is *first* to prevent that the Governing Body be open to the criticism of constituting itself in a closed corporation pretending to exercise, without any control whatsoever the major privilege of deciding as to which are its permanent members, when, under the existing Article 7, it cannot decide upon such minor questions as the method of filling vacancies and of appointing substitutes but "subject to the approval of the Conference."

The object of the Canadian amendment is *secondly* to prevent that some forty Government delegates to the Conference be denied their birthright to decide on the permanent representation of their own group on the Governing Body, when the eight Employers and eight Workers sitting on the Governing Body lay claim to assume that right. Are Governments thus to abandon lightly a prerogative based on the very tripartite nature of the Organisation? Do not the Employers and Workers see that, by derogating to the firmly established principle that each group select its own representatives, they create a precedent which may one day be turned against them?

The object of the Canadian amendment is *finally and above all* to assure the respect of a principle inserted in paragraph 2 of Article 7 by the Peace Conference of 1919, and reaffirmed by the Council of the League of Nations and the International Labour Conference in 1922, and again by the Conference Delegation in 1946.

It will be remembered that when, at the Peace Conference of 1919, the original draft of the constitution of the International Labour Organisation was submitted to the Commission on International Labour Legislation, this draft laid down that five members of the Governing Body were to be selected by the Governments of the five Great Powers, which were mentioned by name. That clause gave rise to strong objection on the part of Mr. Vandervelde, of Belgium, who was anxious that Germany should one day be included among the so-called permanent members of the Governing Body and also to retain a seat for Belgium. The result of the incident was the inscription in the Constitution of the Organisation of the Principle that the perpetual privilege of sitting in the Governing Body shall belong to States Members of chief industrial importance.

In 1922 the Council of the League of Nations, which had been called upon to consider claims made to it by India and Poland, adopted a report accepting that criterion of industrial importance, and giving an authoritative interpretation thereof.

In the same year 1922, the Governing Body submitted an amendment to the 1922 International Labour Conference in which it was recommended that the five Great Powers then on the Council of the League, as well as the United States of America, should be substituted for the eight States of chief industrial importance. That amendment was opposed by the Canadian Delegation, then

led by the Honourable Ernest Lapointe, Minister of Justice. The Canadian Delegation urged that no seat should be allocated forever to any State, irrespective of its industrial importance, and that the principle sanctioned by Article 7 of the Constitution that all countries, not only those ranking as Great Powers, should have an opportunity to fill the named seats, should be maintained. The Canadian Delegation was supported by the Indian Delegation. When the vote was taken, the amendment proposed by the Governing Body was overwhelmingly rejected by 62 votes to 8.

For all these reasons, Mr. Chairman, the Canadian Delegation, jealous of the prerogative of the Government group and respectful of the Constitution, has the honour to move the adoption of the amendment submitted on its behalf.

This amendment being of the nature of a compromise between the Conference Delegation's proposal on the one hand, and the Australian and the Mexican proposals on the other, should meet with unanimous approval.

[PIÈCE JOINTE/ENCLOSURE]

ARTICLE 7 (3)

*Text of the Constitution*

Any question as to which are the Members of chief industrial importance shall be decided by the Council of the League of Nations.

*Text of Amendment Proposed by Working Party*

The Governing Body shall as occasion requires determine which are the Members of the Organization of chief industrial importance and shall make rules to ensure that all questions relating to the selection of the Members of chief industrial importance are impartially considered by a committee before being decided by the Governing Body.

SECTION B

ORGANISATION INTERNATIONALE DES RÉFUGIÉS

INTERNATIONAL REFUGEE ORGANIZATION

578.

CH/Vol. 2103

*Mémoire du secrétaire adjoint, la délégation  
à l'Assemblée générale des Nations Unies*

*Memorandum from Assistant Secretary, Delegation  
to the General Assembly of the United Nations*

CONFIDENTIAL

London, January 28, 1946

REFUGEES PROBLEM—UNITED NATIONS GENERAL ASSEMBLY

On January 25th I had a telephone conversation with Mr. F. E. Cumming-Bruce of the Dominions Office about the U.K. proposal on refugees now

before the General Assembly. Mr. Cumming-Bruce had suggested in a letter† several days before that a meeting of Commonwealth representatives on this issue might be useful. I told Mr. Cumming-Bruce that we would support a Commission on Refugees under the Economic and Social Council and failing that a specialized agency. I also outlined to him the situation described in Mr. Robertson's letter of January 14th to Mr. Rive.† I suggested that because Canada would not admit many refugees in the near future, we would not play a prominent part in the discussion of this matter in the General Assembly.

579.

DEA/5475-T-40

*Mémorandum de la deuxième direction politique au sous-secrétaire d'État  
aux Affaires extérieures*

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

SECRET

[Ottawa,] May 20, 1946

In the meetings of the Committee on Refugees, the U.K. delegation, in this respect under the leadership of Sir George Rendel, has held out very strongly for the establishment of a refugee organization as a Commission of the Assembly. As you know, we supported them on this question up to the first decisive vote, and thereupon took the line that, for the purposes of this conference at least, the issue was settled. The U.K., however, have continued the fight, through subcommittees and sub-subcommittees and in long repetitive debates on motions, amendments and subamendments, finally reserving their position when the vote was recorded against them. Rendel's explanation of this action is that the U.K. regards the refugee question as of so difficult a character that decision in the proposed refugee organization must be constantly subject to reversal by the superior authority of the United Nations.

The policy of the United States delegation seems to be genuinely in favour of a close working arrangement between the new organization and the Economic and Social Council, provided that the autonomous character of the organization as a specialized agency is maintained. They have, however, become so apprehensive lest the United Kingdom find some means of reversing or betraying the decision on relations with the United Nations that they are determined to define the relationship as narrowly as possible. The United States gets full Latin American and Eastern European support on this point, and I am not quite clear what the U.K. hopes to gain by prolonging the struggle.

Sir George Rendel recently suggested privately that if they could not get a Commission of the Assembly, the U.K. might prefer complete separation of the new organization from the United Nations. This suggestion was made on the assumption that the Eastern European group would not contribute to

the assistance of refugees, that they would therefore be excluded from the new organization, and that they ought also to be excluded from the possibility of indirect interference through the Economic and Social Council. This new line may be opened in the discussions at New York.

My own view is that it is worth trying to keep the U.S.S.R. and its neighbours in the new organization even though they contribute nothing but obstruction, because, as members, they will find it more difficult to denounce the refugee body as hostile and dangerous.<sup>1</sup> The Russians may, of course, be unwilling to accept our minimum terms on such questions as the definition of refugees, but is not yet clear that they will refuse entirely to cooperate.

The attached copy of telegram No. 1178† to Ottawa gives a summary of the issues between the eastern and western groups of powers at the Conference.

R. G. RIDDELL

580.

DEA/5475-T-40

*Le représentant, la délégation à la deuxième session du  
Conseil économique et social des Nations Unies,  
au sous-secrétaire d'État aux Affaires extérieures*

*Representative, Delegation to the Second Session of the  
Economic and Social Council of the United Nations,  
to Under-Secretary of State for External Affairs*

New York, June 20, 1946

Dear Norman [Robertson],

As outlined on the telephone this afternoon, I think you should know that Gray Turgeon is doing a wonderful job on the Refugee Committee. He has been chairman for part of the time and has told me of a most interesting development which occurred yesterday.

When considering the financial proposals, which were advanced with the intention of providing funds to deal with the refugees, Russia, the Ukraine and Yugoslavia indicated that they were not prepared to go into this question now, and, in fact, were in favour of not even participating in the discussions. At this point, Canada explained why we were supporting the measures in principle and pointed out that what Russia was doing was Canada's original position, but that Canada appreciated that the problem of considering the financial proposals and the appointment of a committee therefor were matters requiring current consideration.

The result was that Russia and the Ukraine participated (although they fought against the U.S. position), even though Yugoslavia abstained and, in fact, appealed to Russia and the Ukraine not to participate. In other words,

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

I agree. N. A. R[OBERTSON]

Russia and the Ukraine went against the wishes of Yugoslavia. Following this, the U.S. congratulated us on having not only saved the day but done so in spite of the fact that it was necessary to prevail on Russia and the Ukraine to depart from their usual eastern bloc stand.

Yours sincerely,

BROOKE CLAXTON

581.

CH/Vol. 2103

*Le sous-secrétaire d'État aux Affaires extérieures au représentant au  
Comité des finances de l'Organisation internationale des réfugiés  
du Conseil économique et social*

*Under-Secretary of State for External Affairs to Representative to the  
Committee on the Finances of the International Refugee Organization  
of the Economic and Social Council*

SECRET

Ottawa, July 8, 1946

Dear Mr. [R. G.] Turgeon,

We are most grateful to you for consenting to represent Canada at the meeting of the Committee of Experts on the Finances of the International Refugee Organization which is currently meeting in London. I have had some hesitation in asking you to accept this responsibility, because I know that it will cause you considerable personal inconvenience and also because you have already given so much time and attention to the question of refugees during the past four months. You have now, however, made yourself so thoroughly familiar with the subject, and have won, in so remarkable a degree, the confidence of your colleagues on the committees which you have already attended, that I felt justified in asking you to give this further service.

The discussions on the finances of the International Refugee Organization will necessarily be of a technical and detailed nature. It is not possible, at this stage, to give you specific instructions, since we have had little indication as to the course which the discussions will take. In general, you should endeavour to see that financial responsibility is distributed amongst member nations on as equitable a basis as possible and that an effort is made to secure contributions from as many countries as possible. You should also endeavour to have the new Organization established on a reasonable and economic basis. In this connection I think you should keep in mind the current tendency in United Nations organizations to adopt administrative establishments which are elaborate and costly to a degree not fully justified by the needs of the situation.

Such estimates as are at present available indicate that for the first year of its operations, the International Refugee Organization will require a budget of between two and three hundred million dollars. It is not, at the

moment, clear what proportion of this total should be accepted by the Canadian Government as its contribution. In general, however, I think you may assume that, if a reasonable budget is established, the Canadian Government will assume responsibility for a contribution which represents an equitable share of the total, provided that responsibility is assumed by a substantial group of other nations on a similarly equitable basis.

In regard to the scale of contributions, it would seem that allotments for operational expenditures based on a percentage of national income, as in the case of UNRRA, would be more acceptable for Canada than a straight percentage of the total budget on the United Nations scale. If possible, you should prevent the adoption of plans by which the Canadian contribution would be proportionately larger than that of the Great Powers on the one hand or the very small ones on the other.

In connection with operational expenditures, you may, if you feel that the circumstances make it appropriate, put forward the following suggestion. The main responsibility of the International Refugee Organization might be regarded as a three or five-year task during which both repatriation and resettlement should take place to the greatest extent possible. In order to encourage these objectives, plans might be adopted by which member governments would be permitted to subtract from their contribution to operational expenditure a per capita sum for each refugee and displaced person accepted either for repatriation or resettlement. If the cost of maintaining a refugee in camp is correctly estimated at approximately \$300 a year, the sum to be subtracted might therefore be somewhere in the neighbourhood of six to nine hundred dollars per head for each person received.

A plan of this nature, for the encouragement of resettlement and repatriation should greatly assist the new Organization in accomplishing its main task, that is, the re-establishment of persons now in refugee camps in places where they may begin life again under more normal circumstances. The plan also might enable Eastern European countries and the smaller countries of Latin America to make contributions which would not be available except in this form. The proposal should also go some distance to meet the objections of the Eastern European governments to the fact that, in the existing arrangements, no financial encouragement is being given to persons who accept repatriation. Finally, the plan would have the advantage of transferring to the governments of reception the financing and management of schemes for group resettlement.

I understand that it is the purpose of the meeting of the Committee of Experts on Finance to prepare draft financial regulations and that these regulations will be included in the draft constitution which subsequently will be forwarded to Governments of the United Nations for their consideration. In these circumstances, no country which is represented on the Committee of Experts will be committed by the decisions which are taken there. I think, however, that you would be well-advised to communicate with this Department by cable through Canada House in connection with any general financial

proposals which are being considered at the meetings of the Committee and concerning which you will be expected to express an opinion.

Let me thank you again for the generous spirit [in] which you have concurred in our request that you represent Canada at these meetings.

Yours sincerely,

N. A. ROBERTSON

582.

CH/Vol. 2105

*Le conseiller du représentant au Comité des finances de l'Organisation internationale des réfugiés du Conseil économique et social à la deuxième direction politique*

*Adviser to the Representative to the Committee on the Finances of the International Refugee Organization of the Economic and Social Council to Second Political Division*

London, July 24, 1946

Dear Gerry [Riddell],

You are no doubt aware that I have had the privilege of assisting Mr. Turgeon during the last week at the meetings of the Committee on Finances at the IRO. The final report of the Committee,† together with an explanatory Memorandum prepared by myself,† has already been forwarded to the Department, and I trust that the two read together will give an adequate picture of what took place at the meetings.

I was immediately impressed by the friendly atmosphere which prevailed at the Conference. It provided a sharp contrast to the meetings of the earlier Committee in May. There was no suggestion at any stage of "obstructionism" and on the whole the representatives from the Soviet Union and Poland were most co-operative. It is no doubt true that the fact that all the recommendations of the Committee are provisional and are to be reconsidered by the Economic and Social Council had much to do with the forestalling of prolonged debates on the contentious points which arose, but I do feel that some significance can be attached to the fact that the Committee was able to complete its work in the allotted time and without undue difficulty.

In my view, the matters which will provoke the most discussion at the Economic and Social Council will be basis of contributions to the expenses of large scale resettlement and the basis upon which allowances in respect of war damage will be made in certain countries in establishing the operational scales.

At the beginning of the Committee's meetings, the Polish delegate challenged the legal and constitutional authority of the IRO to deal with large scale resettlements. There was not much substance in his legal argument and it was only through unfortunate tactics that he was enabled to proceed

as far as he did with it. This argument may be raised again but it is more likely that the main difficulty with respect to large scale resettlements will come in fixing the basis of contribution to them. The Committee accepted the American proposal that countries of origin be only required to contribute a nominal amount of .05 per cent of the total budget for these operations, and initially the Eastern Europeans seemed to accept this proposal on a provisional basis. At a later date, however, they put their objections to it on record and maintained the position that contributions to such operations should be voluntary. France also adopted this view.

Although the Soviet Union first agreed to the scale of contributions established for part one of the operational budget, it subsequently reversed its position and put on the record its view that contributions to this part of the budget should also be voluntary.

The scales of contributions were mainly based on those used in the UNRRA administrative budget. The Committee had been specifically instructed to make adjustments in the light of damage arising from enemy occupation during the war and quite substantial reductions were made in the contributions of formerly occupied countries under this head. This work was done by the committee of experts who based their calculations upon the first report of the United Nations Committee on Contributions, and the scales are distinctly understood to be open to review in the light of the final report of that committee.

The United Kingdom sought to have a reduction made in its contribution on the basis of the damage which it had suffered during the war. We supported this proposal but it was voted down by the Committee and the United Kingdom delegation specifically reserved its right to raise this point again at the meeting of the Economic and Social Council. The Netherlands were also dissatisfied with the adjustments made, feeling that due regard had not been paid to the extent which its economy had suffered during the war. It seems to me that in finally reviewing the scales of contribution regard will not only have to be had to the data furnished by the Committee on Contributions and losses directly attributable to enemy occupation, but also to the elements of physical war damage, economic dislocation and financial impairment. The United States delegation objected to the inclusion of all these items in the recommendation to the Economic and Social Council on the ground that they were beyond calculation, but the general feeling of the Committee seemed to be that account would have to be taken of them and if it is, the net result will be a fairly substantial rise in the contribution assessed against Canada.

Mr. Turgeon and myself, in dealing with the estimated expenditures, both felt that they were based upon quite inadequate data. The key estimate is that the number of displaced persons in Europe in 1947 will be reduced from 830,000 to 320,000. This is the key figure because the main item of expenditure in the proposed budget is that which provides for the care and maintenance of displaced persons in camps and if, for any reason, this very

optimistic estimate as to the reduction of personnel in camps during the year is not borne out by the facts, the IRO will quite probably not have sufficient money to carry out its functions. Having no independent data upon which to work we felt we had to accept these calculations but did it only with misgivings.

The estimate for salaries and other administrative costs appear to us to have been reduced to the absolute minimum consistent with the IRO carrying out its functions. All governments represented on the Committee were anxious to avoid the building-up of unnecessary administrative and supervisory establishments.

Before my arrival, Mr. Turgeon threw out for the consideration of the Committee the proposal contained in Mr. Robertson's letter to him of July 8th. This was to the effect that a credit should be accorded to countries to which displaced persons were repatriated or in which they were resettled. It met with some support within the Committee—the Polish delegate particularly approved of it—but it was not possible in the limited time to develop a full discussion upon it and it may be that it could be raised at the meeting of the Economic and Social Council.

Mr. Turgeon has remained the most popular figure in the Committee and even before his arrival, he was unanimously elected as Chairman. There is no doubt at all that the confidence which all the delegates had in him made it possible for him to keep the deliberations going at full speed and to complete the work in the required time. At the last session of the Committee, the delegates from Poland, France and the United States publicly recorded their appreciation of his efforts as Chairman and coupled with their remarks a tribute to the spirit of good will which Canada brings to all international gatherings.

Already there is some speculation as to who will be selected as the Director General of the new organization. The Polish delegate told me that if Mr. Turgeon accepted the position, the Eastern European countries would have no hesitation in joining its work. He claimed to have spoken of this matter with the Soviet representatives both at the present and previous meetings. The members of the American delegation also were anxious to have Mr. Turgeon accept the Director General post. They felt that Congress would hardly approve such a large appropriation of money unless an American or a Canadian were at the head of the organization. The State Department apparently would like to have one of these international organizations to which the United States contributes so much financial support headed by a non-American and they feel that in view of Mr. Turgeon's great success at these meetings that he would receive official support. Mr. Turgeon, at the moment, does not feel he could accept this position were it offered to him.

Yours sincerely,

D. G. BLAIR

583.

DEA/5475-T-40

*Mémoire du ministère des Affaires extérieures au Cabinet**Memorandum from Department of External Affairs to Cabinet*

[Ottawa,] August 12, 1946

## ESTABLISHMENT OF INTERNATIONAL REFUGEE ORGANIZATION

The Canadian delegations to the third meeting of the Economic and Social Council in New York on September 6th and the second meeting of the Assembly of the United Nations on September 25th will have to take a definite position with regard to the International Refugee Organization. A draft constitution for this Organization will be before both bodies successively, and when the constitution has passed the Assembly, it should be ready for immediate signature and subsequent ratification. Financial arrangements covering the first year of operation will also be under consideration.

At the series of international meetings at which the refugee question has been considered during the present year, Canadian delegations have constantly advocated that a solution of the problem could only be found through broad international co-operation in a refugee organization, and have exerted their influence to that end. The Canadian delegations to the forthcoming meetings of the Economic and Social Council and the Assembly should, therefore, presumably give approval to the draft constitution of the International Refugee Organization with such amendments as seem desirable after detailed study and in the light of the discussion at these meetings.

A Committee on the Finances of the International Refugee Organization, on which Canada was represented by Mr. Gray Turgeon and of which Mr. Turgeon was Chairman, has suggested a provisional budget for 1947 of \$258,754,000. Of this amount \$4,800,000 is for Administrative expenses, \$193,954,000 for normal operational expenses (almost wholly for the maintenance of persons now in Displaced Persons Camps in Germany and Austria) and \$60,000,000 for the re-settlement of approximately 100,000 refugees.

The scale of contributions provisionally adopted calls for Canadian contributions of 4.362% of Administrative expenses and of 4% of both parts of the Operational expenses. This may be compared with 24.614% of Administrative expenses and 43% of Operational expenses for the United States and 14.771% of the Administrative expenses and 15% of Operational expenses for the United Kingdom. The total figure for Canada under this scale of contributions would be \$10,567,536. This budget will not become effective until the International Refugee Organization holds its first meeting after its constitution comes into force. In the meantime, however, the Canadian delegations in New York should know whether they may support

financial plans which may eventually result in a Canadian contribution of the amount suggested.

Since the Canadian representatives are not expected to be able to make any substantial proposal for the reception in Canada of refugees and displaced persons, it is recommended they be authorized provisionally to accept a possible financial commitment of this size. If the International Refugee Organization comes into existence, it is likely that its annual expenditures will be of the general order of \$200 or \$250 millions for two or three years and will then decline fairly sharply.

584.

CH/Vol. 2105

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

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

TELEGRAM 1605

Ottawa, September 5, 1946

SECRET. Preliminary examination by the Department of Finance and others of the Report of the Committee on Finances of the International Refugee Organization has led to questioning about the size of the suggested Canadian contribution. Perhaps the main reason for our concern is the proposed relationship between the contributions of Canada and the United States. Under the proposals the ratio between the Canadian and the United States contributions would be 1 to 5.6 for administrative expenses and 1 to 10 for operational and resettlement expenses. On the basis of relative population the ratio between the two countries is about 1 to 12 and on the basis of relative national income it is 1 to 16 or 17. It would thus appear that Canada is being asked to bear a disproportionate share of the burden and this disparity is of considerable importance in view of the size of the total budget.

2. Since the amounts involved are large, and also since scales of contributions for other international organizations are now in process of settlement, we contemplate seeking revision of the proposed scale for the IRO when the Report is before the Economic and Social Council. Before doing so we desire to let both the United States and United Kingdom Governments know our views on this point. Would you therefore bring the substance of paragraph 1 to the attention of the United Kingdom authorities and say that we should be glad to receive their comments before the Economic and Social Council meets. You should consult Mr. Turgeon in advance. If he is strongly opposed to this course of action you might telegraph his views before carrying out these instructions.

585.

CH/Vol. 2105

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

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

TELEGRAM 1864

London, September 9, 1946

MOST IMMEDIATE. SECRET. Your telegram 1605 of September 5, International Refugee Organization. Following from Turgeon to Robertson, Begins:

1. I see no objection to raising matter of contribution to IRO with United Kingdom and the United States Governments. It was clearly understood that the scale of contributions adopted by the committee on finances of the IRO was provisional and subject to the approval of the various governments. I think you might find it helpful to consider the following points in connection with this matter:

2. You will note from page thirty-five of the final report of the committee that the administrative scale was based on the provisional scale of contributions to the working capital fund of the United Nations and that it purports to take into account the present economic difficulties of some member countries. This scale has been worked out by United Nations Secretariat experts and is subject to revision by the United Nations committee on contributions and approval by the General Assembly. It was agreed that any changes made finally in this scale would be accepted in the IRO administrative scale.

3. The operational scale is based on the UNRRA administrative scale and in accordance with the instructions in your telegram 1315 of 15 July† we accepted this on a provisional basis. You will note on page thirty-eight of the report that in accordance with the committee's terms of reference an adjustment was made particularly in favour of countries occupied in the war. In paragraph twenty of the memorandum enclosed in despatch A.609 of 25 July† it was pointed out that some countries including the United Kingdom would press for a further adjustment in their favour on the broader basis of losses caused by economic dislocation, financial impairment and physical damage resulting from the war. If these further adjustments are made it may [be] expected that the Canadian assessment will be revised upwards.

4. In fixing the scales account was taken not only of relative national incomes and populations but also of relative per capita incomes and here the ratio between Canada and the United States is 412 to 589. You might find it helpful to consider the effect of this factor in seeking a revision.

5. I wish to draw your attention to paragraph 7 of the above mentioned memorandum which refers to the part that the occupying forces of the United States and the United Kingdom in Germany will play in the work of the IRO. This will represent a further contribution from these governments. This factor

has not to my knowledge even been discussed in public but is liable to be raised if we object to the scale.

6. Canada should of course insist that the scale of contributions finally accepted should not be treated as a precedent for other International Organizations because of the temporary character of its work and the special circumstances surrounding its creation.

7. In paragraph sixteen of the above mentioned memorandum it was pointed out that in the view of UNRRA and IGC experts the budget adopted is hardly adequate and if it is further whittled down it will be difficult for the IRO to achieve its purpose.

8. I view with apprehension the present status of the IRO. I am informed by an official of the IGC that the United States Government is strongly objecting to both the size of the proposed budget and the scale of contributions. It seems to me that in view of the Soviet withdrawal from the IGC it will be difficult to persuade the eastern countries to continue their even limited support of IRO and I am afraid that if there is a bitter and protracted debate over finances the whole scheme will fall to the ground. It must be borne in mind that the IRO has been constituted because of the insistence of the U.K., the U.S.A., Canada and other western powers and despite the objections of the Eastern European countries.

586.

DEA/5475-T-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

[Ottawa,] September 11, 1946

IMMIGRATION POLICY; INTERNATIONAL REFUGEE ORGANIZATION

At the meeting of the Cabinet on September 11th, the Secretary reported that instructions were required for the Canadian delegation to the Economic and Social Council of the United Nations now meeting in New York with respect to Canadian participation in the proposed International Refugee Organization.

The Cabinet, after discussion, agreed that the Canadian delegation to the Economic and Social Council of the United Nations be instructed:

- (a) to accord general support to the establishment of the proposed International Refugee Organization; but,
- (b) to reserve the Canadian position as to the scale and amount of financial contribution.

N. A. R[OBERTSON]

587.

DEA/5475-T-40

*Le sous-secrétaire d'État associé aux Affaires extérieures  
au sous-ministre des Finances*

*Associate Under-Secretary of State for External Affairs  
to Deputy Minister of Finance*

Ottawa, September 11, 1946

With reference to your letter of August 26th,<sup>1</sup> concerning the finances of the proposed International Refugee Organization, I enclose a copy of telegram No. 1605 of September 5th, to our Acting High Commissioner in London, and of teletype No. 2135 of September 7th to our Ambassador in Washington.†

2. You will note that we suggested that Mr. Hudd<sup>2</sup> should discuss the question with Mr. Turgeon in London before letting the United Kingdom Government know our views. Mr. Turgeon has outlined his views in the enclosed telegram No. 1864 of September 9th from Canada House. A copy of this telegram has been sent to our delegation to the Economic and Social Council.

3. Mr. Turgeon is obviously speaking in his capacity as Chairman of the Committee on Finances, when he expresses his fears that, if there is a bitter and protracted debate on finances, the whole scheme will fall to the ground. As the question of financial contributions to the United Nations will be discussed in the General Assembly, after the presentation of the Report of the Assembly Committee on Contributions, I am inclined to feel that we should not press the matter strongly in the Economic and Social Council discussions on the I.R.O. Otherwise there is danger of two long debates covering much the same ground.

4. You will remember that on pages 35 and 38 of their final report, the Committee on Finances of the I.R.O. recommended that the provisional scale of contributions for the administrative budget of the I.R.O. should be reconsidered in the light of the report of the Assembly Committee on Contributions, which will be submitted to the General Assembly, and that the provisional scale of contributions of the operational budget of the I.R.O. should be reconsidered in the light of this report and of further and more detailed information concerning the financial situation of some members of the United Nations, resulting from enemy occupation, large dislocation and displacement of their population at home and abroad and war damage. As I understand that the recommendations of the Committee on Contributions will generally be favourable to Canada, I would suggest that we might advise our delegation to take the line that detailed consideration of the scale of contributions to the I.R.O. be deferred until after the question of the scale of contributions to the United Nations has been discussed in the General Assembly. Our delegation

<sup>1</sup> Le document 584 contient l'essentiel de cette lettre.

<sup>2</sup> Le haut commissaire par intérim en Grande-Bretagne.

<sup>1</sup> Document 584 contains the substance of this letter.

<sup>2</sup> Acting High Commissioner in Great Britain.

at the same time, as you suggest should insist on the necessity of establishing adequate budgetary control and accounting responsibility.

5. It has occurred to me that one suggestion which our delegation might make to the Economic and Social Council is that countries which agree to accept refugees and to assist them in becoming established, should be credited with a certain amount per head against their contribution to the Refugee Organization. I should be grateful for your views on this subject.

6. Our Embassy in Washington, has stated with regard to our teletype No. 2135, that they are not familiar with the background of the discussions on the finances of the Refugee Organization and prefer not to undertake detailed discussions with the State Department on the matter. They have also pointed out that most of the United States experts on the subject are now in New York for the meeting of the Economic and Social Council. We have therefore suggested to our delegation that they sound out the United States view in conversations with their delegates in New York.

7. I am also enclosing a copy of the memorandum on the Refugee Problem prepared in this Department,† which has been given to our delegation to the Economic and Social Council. The question of finances of the I.R.O. is discussed in paragraphs 11 to 21. This memorandum does not go in any great detail into the question of adjustment of the provisional scales of contributions.

8. As the proposals for the International Refugee Organization may come up for consideration by the Economic and Social Council at the end of this week, I should like to send our delegation some guidance on the attitude they should take on the question of finances of the I.R.O. They have already had a copy of your letter of August 26th which summarizes our general attitude. However, I should like your advice on whether we might suggest to the delegation that they follow the lines indicated in paragraph 4 above that detailed consideration of the scales of contributions be deferred until after the consideration by the Assembly of the report of its Committee on Contributions. I should also like to put forward the suggestion contained in paragraph 5 above, if you think it is practical.

H. H. WRONG

588.

DEA/5475-T-40

*Le sous-ministre des Finances au sous-secrétaire d'État associé  
aux Affaires extérieures*

*Deputy Minister of Finance to Associate Under-Secretary of State  
for External Affairs*

Ottawa, September 16, 1946

Dear Mr. Wrong,

In answer to your letter of September 11th regarding the financing of the International Refugee Organization, I am writing in the absence of Dr. Clark

to say that we would agree that other aspects of the establishment of this organization are likely to be of primary importance in the discussion which will be taking place now, and we should, therefore, not press the debate on the basis of contribution if that seems likely to give an opening for those who wish to see the organization blocked. I think myself that Canada should do what it can to assist in finding a prompt and effective solution to these refugee problems, both for reasons of international policy and because a prompt solution is likely to be ultimately most economical, as the refugees will need to be supported for a shorter period.

We would, therefore, be prepared to agree with your suggestion that our delegation might take the line that detailed consideration of the scale of contributions to the I.R.O. might be postponed until after the question of contributions to the United Nations has been discussed in the General Assembly. However, this delay in settling the basis of contributions should not be allowed, if possible, to delay the establishment and functioning of the organization itself, and some working capital may be necessary if the organization is to commence operations. Consequently, I would suggest that the Canadian delegation, while taking the line you mentioned if that seems to be desirable in view of the discussion at the meetings, should also support any arrangement that might be put forward for the interim financing of the organization, pending decisions about the basis of contributions. It should be understood, of course, that this interim financing, whether it takes the form of a working capital fund or otherwise, should not be considered a precedent nor prejudice in any way the basis of contributions to be ultimately decided upon after the discussion on this general subject in the U.N.

On the whole, we would not favour in this Department the idea that is mentioned in your fifth paragraph, that is, countries agreeing to accept refugees should be credited with a certain amount of overhead against their contribution to the I.R.O. We do not believe that this financial offset will influence to any significant extent the immigration policy or the specific decisions of the various countries which may take refugees, while on the other hand this allowance would upset the budget of the I.R.O. and make even more difficult the problem of financing as a whole. Moreover, it would seem to us open to objection by the countries of origin and it might be misrepresented as a means by which the countries that were going to take refugees were endeavouring to escape a proper share of the costs of running the organization.

One other matter occurs to me: I have noted in the papers on this subject that the bulk of the cost appears to rise from supporting the refugees in camps in Europe. Is there no way in which arrangements can be made that these people can produce while in camps or pending their repatriation or re-establishment, and thus contribute, at least financially, to their own support? I do not know whether there are labour shortages in any parts of Europe now, particularly the parts where these people are held, but if there is an opportunity for them to earn something by doing useful work, it seems to me worth while

exploring the possibilities in order to keep down the very heavy costs of supporting them.

Yours very truly,

R. B. BRYCE  
For Deputy Minister

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I.A.M./Vol. 99

*Mémorandum du secrétaire d'État aux Affaires extérieures au Cabinet*

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

Ottawa, October 12, 1946

#### REFUGEES

At the recent meetings of the Economic and Social Council a further revision of the draft Constitution and budget of the proposed International Refugee Organization was made and these documents will be presented to the forthcoming meeting of the General Assembly for final approval. The budget was radically reduced from approximately 260 million dollars to approximately 150 million dollars. The new figures may prove to be much too low, and a supplementary budget may be required before the end of the first year's operations. A scale of contributions to the International Refugee Organization based on the scale adopted for the United Nations will also be prepared during the Assembly.

When the Constitution and financial arrangements have been approved by the Assembly, the Canadian delegation will have to consider the following additional questions concerning refugees:

(1) *Signature of the Constitution.* It is hoped that delegations will come to the Assembly prepared to sign, subject to later ratification, the agreement bringing the International Refugee Organization into existence. Signature of the Constitution would imply acceptance of financial responsibility. The scale of contributions has not yet been fixed, but the Canadian share of the first year's budget would probably be somewhere between six and seven million dollars. It is only safe to assume that contributions of an equal amount would be required for the next two or three years, and at a diminishing though substantial rate for a number of years thereafter.

(2) *Interim Measures.* A proposal will also be placed before the Assembly for the creation of an Interim Commission to make preparations for the establishment of the International Refugee Organization. A document in this connection will also be open to signature, and if the delegation is authorized to sign a general agreement bringing the I.R.O. into existence, it should, presumably, be authorized also to sign this secondary agreement on interim measures. No additional financial obligation will be incurred on account of the Interim Commission.

(3) *Acceptance of Refugees.* Delegations at the Assembly will be under considerable pressure to make known their intentions in regard to the acceptance of refugees, and proposals will probably be put forward for the admission of refugees on a quota basis by receiving countries. The delegation might find itself in an embarrassing position if, in a discussion on the eventual disposition of refugees, it could refer only to Canada's action in the past in admitting a few refugees or in revising the immigration regulations so as to admit the relations of residents in Canada. On the other hand, if it were possible to announce a practical plan for the resettlement of even a small number of refugees, the delegation might be able to influence in a very constructive way the consideration of the refugee question.

There is good reason to believe that new homes will have to be found for at least half a million refugees now in Displaced Persons Camps. The pressure on Canada to receive some of these people will certainly increase, and, if we are to take them in the end, there would be considerable advantage in making a selection of desirable people at an early stage. Three methods by which selected groups of refugees might be admitted to Canada are suggested in the following paragraphs.

(a) *The Despatch of Immigration Inspection Teams to Displaced Persons Camps.* It appears that several thousand persons admissible to Canada under recent revisions of the Immigration regulations are amongst the refugees in camps in Germany. There are at present no means by which these persons can be inspected to confirm their eligibility. A plan for the inspection and movement of these people has been given tentative consideration. According to this plan, the Intergovernmental Committee on Refugees would locate in Displaced Persons Camps individuals whose relatives had applied for their admission to Canada, and would assemble them in appropriate centres. Teams of Canadian Immigration officers would then inspect the individuals concerned at these centres and the Intergovernmental Committee on Refugees would then arrange for the onward transportation of those selected for admission. The acceptance of this plan would have an immediate practical effect on the refugee problem without altering the existing Immigration regulations.

(b) *The Selection of Groups of Workers with Required Skills.* The recruitment of 4,000 agricultural workers amongst the members of the Polish Armed Forces might offer a precedent for similar movements. Immigration teams, such as those now in Italy, could select groups of workers in camps, such as those occupied by Baltic refugees, where persons were known to be located who could meet specific short-term labour needs in Canada. The movement of these people might be financed, in part at least, by an international agency, such as the Intergovernmental Committee on Refugees, or, later, the International Refugee Organization.

(c) *Admission of Limited Numbers from Certain Racial Groups.* Various organizations in Canada, and in particular the Central Mennonite Committee,

the Canadian Ukrainian Committee and the Canadian Jewish Congress are prepared to sponsor and support the movement to Canada of groups of refugees in which they have a particular interest. Limited numbers of refugees might be admitted to Canada in co-operation with organizations of this nature, which have been pressing strongly for permission to do something on behalf of friends and relatives of their members.

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PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

[Ottawa,] October 15, 1946

. . .

9. MR. ST. LAURENT suggested that, in the matter of accepting refugees, it was proposed that the Canadian delegation might take the line that Canada had allowed 3,500, admitted during the war, to remain in the country, 4,000 Poles were being admitted under a scheme already in effect for agricultural labour; immigration regulations had recently been modified to permit entry of close relatives of persons already in Canada.

The modification of the regulations would open the way for admission of substantial numbers in addition to the war refugees and the Polish workers. Until some estimate could be made of the total involved, it would be difficult for the government to make any further commitments for the admission of others, particularly in view of the serious shortage of housing which existed at the present time. The problem would, however, be considered again by the government at a later date.

Meanwhile special arrangements would be made for the concentration at suitable points in Europe of persons applying for admission under the modified regulations to permit examination for eligibility and general acceleration of their movement.

## 10. THE CABINET, after discussion:

(1) agreed that should an international organization be established along the lines indicated in the revised draft constitution, Canada should participate therein and the Canadian delegation should be authorized to sign the constitution, subject to later ratification by Parliament; and

(2) noted with approval the proposals of the Secretary of State for External Affairs as to the attitude to be adopted by the Canadian delegation respecting admission of refugees to Canada.

. . .

591.

CH/Vol. 2112

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

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

DESPATCH A. 885

[London,] October 18, 1946

Sir,

With reference to my telegram no. 2050 of October 12th<sup>†</sup> regarding travel documents for refugees, I have the honour to enclose copy of the final agreement approved by the Conference arranged by the Intergovernmental Committee, together with copy of the Final Act of the Conference.<sup>1</sup>

2. You will observe in Article 1 that a travel document "shall be issued by the contracting governments to refugees who are the concern of the Intergovernmental Committee". This phrase, imposing as it does a definite obligation, was given very careful consideration by the group of experts responsible for the initial draft of the agreement, and Article 16 was expressly included to avoid any implication that the refugee would be entitled to receive greater privileges than the national of the issuing country. It may be noted at the same time that, although there is no specific reference to it in the text, ultimate appeal in cases of questionable eligibility can be made to the Intergovernmental organisation as the case may be.

3. Initial uncertainty in regard to the Canadian suggestion that the words "transit through" should be included in Article 16 gave way to appreciation of the necessity of such a precaution, especially in view of the mandatory nature of Article 11. The United Kingdom delegate in particular did not conceal his anxiety that this country might otherwise become a waiting-room for refugees whose final settlement arrangements in the country of destination had not been completed.

4. Within the meaning of Article 16 and Sub-Section 1 of Article 15, which override all other provisions, an alien refugee not having Canadian domicile and returning to Canada in possession of a valid travel document issued by the Canadian authorities would be exempt from an immigration visa as now required under paragraph 2 of P.C. 3016. Nothing in the agreement, however, appears to conflict with Canadian immigration statutory law applicable at the port of entry, and it seems that the travel document could be recognized as meeting the requirements of paragraph 4 of the same Order-in-Council.

5. To provide for the possible acceptance of the present accord by the Intergovernmental Committee's successor, a new Article 20 has been inserted. Phrased in deliberately vague terms, it is designed to apply to whatever type

<sup>1</sup> Voir Canada, *Recueil des traités*, 1946, N° 47.

<sup>1</sup> See Canada, *Treaty Series*, 1946, No. 47.

of organisation is ultimately adopted, whether it be an agency of the United Nations, an agency established under the auspices of the United Nations, or a separate and unaffiliated body.

6. As the bulk of the refugees and displaced persons are now in Germany and Austria, considerable attention was devoted to the possibility of extending all arrangements to the various zones of occupied territory. For legal and technical reasons, it was not found possible to make the appropriate reference in the main body of the agreement. You will note, however, that there is a recommendation in the Final Act, put forward originally by the United Kingdom delegate and warmly supported by France and the United States, which leaves the way open to negotiations between the three countries.

7. The Polish delegate endeavoured unsuccessfully to introduce an amendment to cover persons of Polish extraction whereby the consulate of the country of origin of the refugee would be consulted at the time of issue of the document. At the same time, he objected that the categories of refugees benefitting by the present agreement are not adequately defined and that insufficient attention is paid to the exclusion of war criminals and similar elements. The original explanation of Sir Herbert Emerson<sup>1</sup> outlined in my telegram under reference apparently had not met his requirements and he pointed out in private conversation with our representatives that there are minority views in the draft constitution of the International Refugee Organisation to be taken into consideration. In his opinion, Articles 1 and 2 of the present agreement should be deleted and the text in this way so confined to the character of the travel document as to avoid raising contentious refugee problems which are properly the sole responsibility of the United Nations. In the circumstances, Poland, and possibly Czechoslovakia, if only for reasons of sympathy, cannot be expected to sign the agreement.

8. It may be added in conclusion that while many of the delegates present were experts in their own particular field of immigration, several did not appear to be fully conversant with the international implications of the refugee question. As a result, they were inclined to approach the matter of a travel document from the technical point of view and perhaps at times without due consideration for the political issues involved.

I have etc.

[N. A. ROBERTSON]

<sup>1</sup> Le directeur, le Comité intergouvernemental sur les réfugiés.

<sup>1</sup> Director, Intergovernmental Committee on Refugees.

*Le sous-secrétaire d'État aux Affaires extérieures au conseiller,  
la délégation à l'Assemblée générale des Nations Unies*

*Under-Secretary of State for External Affairs to Adviser,  
Delegation to the General Assembly of the United Nations*

SECRET

Ottawa, October 29, 1946

Dear Mr. Reid,

In regard to the question of refugees, it seems to me that the delegation to the Assembly will have adequate information in the relevant sections in the Commentary and in the report on the Third Session of the Economic and Social Council. The Chairman of the Delegation himself is familiar with the decisions which were taken in Cabinet as a result of discussions following the return of the delegation to the Economic and Social Council. It might, however, be useful if I were to recapitulate the situation as it now stands and forward one or two additional papers which may be of use to you. I should be grateful if you would draw these matters to the attention of the Chairman of the delegation.

When the question of refugees was considered in Cabinet on October 15th it was agreed that, should an international organization be established along the lines indicated in the revised Draft Constitution of the I.R.O., Canada should participate therein and the Canadian delegation should be authorized to sign the Constitution subject to later ratification by Parliament. As a consequence of this decision steps are now being taken by the Department to issue to the delegation the necessary authority for signing the document when it is approved by the Assembly. I understand that in the discussion which took place in Cabinet, it was felt that the decision to participate in the I.R.O. should be conditional upon a general acceptance of the Constitution by a number of responsible nations. In view, however, of the fact that the Constitution will not come into effect until it has been signed by fifteen nations, it would not appear that Canada could become a member of the Organization unless there were adequate support from other nations.

The question of subscribing to the Agreement for Interim Arrangements was also mentioned in the memorandum which the Secretary of State for External Affairs placed before Cabinet. No formal decision in this regard is recorded but I think it may be assumed that, if Canada is to sign the Constitution of the I.R.O. it will also sign the Agreement for Interim Arrangements and the necessary authority is also being secured for the delegation to act in this respect. You may wish to confirm with Mr. St. Laurent our understanding that it is the intention for the delegation to sign both documents.<sup>1</sup>

The attitude which the delegation should adopt towards proposals for the resettlement of refugees was also discussed in Cabinet. I understand that in

<sup>1</sup> Voir le Décret du Conseil P.C. 4630.

<sup>1</sup> See Order in Council P.C. 4630.

this regard Mr. St. Laurent suggested that no further revision of the Immigration regulations in the interests of admitting refugees should now be contemplated, but that steps should be taken to facilitate the admission of refugees under existing regulations. We have, therefore, proceeded with plans for the immigration inspection of refugees in the occupied zones of Germany and, as you know, it is hoped that an announcement in this respect will be made within the next few days.

The budget of the International Refugee Organization will also be under consideration in the Assembly. In the memorandum to Cabinet a round figure of \$150,000,000 was given as the approximate budget of the I.R.O. for the first year of its operations. The figure as eventually determined in the Economic and Social Council was, however, somewhat closer to \$160,000,000 and there may be some further adjustments in the budget before it is finally passed by the Assembly. I think, therefore, it would be useful to keep before the delegation the size of the financial obligation which will be incurred by the International Refugee Organization, particularly in view of the fact that a budget of even \$160,000,000 may prove to be inadequate.

As you know, the question of contributions was not considered at the Economic and Social Council. A scale of contributions will, therefore, have to be worked out during the Assembly, and in this connection I am attaching a copy of letters† containing the comments of the Deputy Minister of Finance on the provisional scale of contributions which was worked out by the Committee on Finances of the I.R.O. in July.

The financing of the I.R.O. was discussed in general terms at the Economic and Social Council, and a number of countries then showed a disposition to reduce their financial commitments to that Organization or to escape from them altogether. I think that the provisional budget of the I.R.O. was set at an artificially low figure in order that countries might not be discouraged from participating by the size of the contributions for which they would be asked in the first instance.

The Constitution of the I.R.O. will also be given its final revision by the Assembly before adoption. In this connection I am attaching a memorandum† which gives some account of the way in which a number of important revisions were written into the Constitution during the third session of the Economic and Social Council as a result of agreement amongst the United Kingdom, United States and U.S.S.R. delegations. These revisions were adopted without examination in the Committee and at the time the Canadian delegation expressed misgiving in connection with two or three of the changes which were made. You will notice, however, that in the attached memorandum it is suggested that these points should be raised and discussed in the Assembly only if the Constitution undergoes a further general revision. In other words, if there is a general disposition on the part of the General Assembly to accept the Constitution as it now stands, it would seem preferable for the Canadian delegation to forego any discussion of the points mentioned. It would also be unfortunate if the delegation were to press our opposition on

these points to the extent that the U.S.S.R. withdrew its acceptance of other points in the Constitution on which agreement has been reached.

Yours sincerely,

L. B. PEARSON

## SECTION C

### ORGANISATION INTERNATIONALE DU COMMERCE

#### INTERNATIONAL TRADE ORGANIZATION

593.

PCO/U-40-3

#### *Procès-verbal d'une réunion*

#### *Minutes of a Meeting*

#### INTERNATIONAL MEETING ON TRADE AND EMPLOYMENT

A meeting of officials was held on April 5th, 1946, in Room 123, East Block to consider what should be done in the way of preparation for the international discussion. The following were present:

N. A. Robertson, in the chair  
 Dr. W. C. Clark  
 Dr. Barton  
 David Sim  
 M. W. Mackenzie  
 Graham Towers  
 H. B. McKinnon  
 W. A. Mackintosh  
 R. B. Bryce  
 L. Rasminsky  
 J. E. Coyne  
 S. D. Pierce  
 H. R. Kemp  
 F. A. MacGregor  
 D. Harvey  
 J. Deutsch  
 J. A. Chapdelaine  
 M. G. Glassco

Mr. Robertson stated that the preliminary meeting of the participating countries was expected to be held in England starting September 1st, 1946. The number of participating countries had been increased by the addition of Norway, Chile, and Lebanon. The United Kingdom authorities had proposed a pre-preliminary conference of Commonwealth countries to start about six weeks before September 1st and the New Zealand government was most anxious to have Mr. Nash take part in these earlier discussions. The attendance of Mr. Nash at these Commonwealth talks was awkward because (1) the starting date had had to be moved forward to July 1st to accom-

modate him, and (2) courtesy would compel the presence at these meetings of United Kingdom ministers; this in its turn would affect the character of Canada's participating delegation. Furthermore, if the Commonwealth discussions were held at a ministerial level the wider preliminary discussions would probably follow on as ministerial discussions.

It was the feeling of the meeting that Canada should indicate at the outset that, even though New Zealand wished to be represented by a minister, these pre-preliminary discussions should really take place at the official level.

Mr. Sim felt that the Commonwealth talks would inevitably develop into very wide discussions, and in the eyes of other nations these talks would have the appearance of a caucus.

Mr. Kemp wondered whether it would be appropriate to consider how large a reduction in the United States tariff would be necessary to balance the advantages gained by a reduction of a given amount in the British preference. Mr. Robertson pointed out that since the United States under their existing legislation cannot put articles on the free list nor can they reduce their tariff by more than 50 per cent, it would follow that the United States could not expect to have preferences completely wiped out.

Mr. Towers suggested that Canada might be prepared to make broad multilateral tariff concessions, but since the United States was not able, without legislative action, to make very substantial concessions in return, it might be advisable or necessary to make a special Canada-United States supplementary agreement. Mr. McKinnon agreed with this view. Mr. Robertson felt that this question might better be brought up after a certain stage in the multilateral negotiations had been reached.

Mr. Sim was worried by the experience of Canadian exporters in their attempts to export goods to the United States. There were many procedural and administrative barriers to the easy flow of Canadian goods. Mr. Robertson felt it was important to have a full and complete dossier on the shortcomings of the United States tariff administration. Mr. Kemp believed that most of these shortcomings were legislative in character rather than administrative.

Mention was made of the preparatory work being done by the Department of Trade and Commerce in preparing lists of commodities on which Canada wished to secure concessions. In reply to a query by Mr. Bryce as to whether or not there was any indication as to the manner in which Canada might alter her economy, Mr. Robertson stated that if the United States did not go further in making concessions than they were now permitted by legislation to do, then it was not probable that Canada would make any radical changes in her economy. Dr. Mackintosh suggested that there must be many industries in Canada which could not adapt themselves to any appreciable tariff concession without a fairly drastic reorientation. Mr. McKinnon stated that to judge from the briefs which had been submitted to the Trade and Tariff committee practically all industries were willing to have

a regime of free trade, provided they were given three years in which to make necessary changes in their industries. On the other hand reciprocal reduction in tariffs was felt to be of little value because of limitations on what the United States could offer along these lines.

Mr. McKinnon felt that the delegation to the preparatory talks should have as its chairman a "neutral" person and indicated that he could not really be so described.

It was decided that those present should consult together in order to establish six or seven small committees to collect material having reference to each of the committees which will probably be established at the preliminary international meeting.

M. G. GLASSCO

594.

DEA/8378-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

*Memorandum by Under-Secretary of State for External Affairs  
to Prime Minister*

[Ottawa,] April 24, 1946

We have just had word from the Washington Embassy that the United States feel obliged to propose yet a further postponement for the proposed preliminary talks on commercial policy. As you know, we have been proceeding on a programme that these talks would commence in London about the beginning of September, and would be preceded by conversations on tariffs and preferences between Commonwealth countries. The United Kingdom has suggested that these talks might begin about July 1st.

The United States authorities feel that the slow Congressional progress of the United Kingdom Loan Agreement, which has to be disposed of before formal preparations for the commercial policy talks can be begun, now makes it necessary for them to revise the whole timetable on which they have been working. They fear that the publication required under Trade Agreements Act procedure of the very lengthy list of tariff items on which the United States would be prepared to negotiate reductions would throw the whole commercial policy programme into the November Congressional elections. They are now planning to publish these lists after the elections are out of the way. This will mean that the preliminary talks will not get started until March or April, 1947.

This is a serious and disappointing decision, which the United States appear to have reached without consulting any of the other countries affected. My feeling has been that we had a real opportunity immediately after the end of the war and during the first phase of reconversion for drastic and relatively painless tariff revision. The longer this operation is postponed, the more

difficult it will be to carry out, because new special interests, in abeyance in the war years, are rapidly getting re-established.<sup>1</sup>

595.

DEA/8378-40

*Le sous-ministre du Commerce au sous-secrétaire d'État par intérim  
aux Affaires extérieures*

*Deputy Minister of Trade and Commerce to Acting Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

Ottawa, May 18, 1946

Dear Mr. Wrong,

In an endeavour to clarify our thinking in this Department on the general question of commodity policy in its relation to the United States Proposals for International Trade, Mr. Dennis Harvey, Director of our Import Division, has prepared the attached memorandum. This memorandum is, of course, intended solely as a basis for discussion and not for circulation outside a small group of government officials. It does suggest, however, the possibility of certain suggestions now being made which might influence the course of the trade discussions at the Preparatory Commission meeting.

I should like to arrange for a general discussion of the subject matter of the attached memorandum and it is hoped that you could attend a meeting in my office at 4 o'clock on Tuesday, May 28.

Yours faithfully,

M. W. MACKENZIE

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du directeur, la direction des importations,  
le ministère du Commerce*

*Memorandum by Director, Import Division,  
Department of Trade and Commerce*

CONFIDENTIAL

[n.d.]

INTERNATIONAL TRADE ORGANIZATION

## THE PRESENT POSITION:

Appraising the likely effects of postponement of the Trade and Tariff Conference until April, 1947, serious concern is felt that without some tangible progress towards an International Trade Organization, the general situation may deteriorate to a dangerous degree in the meanwhile.

<sup>1</sup> La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

The situation upon which it was hoped to establish a freer basis of multi-lateral trading under I.T.O. is in fact deteriorating. At the International Cotton Advisory Committee Conference foreign delegates showed that they were observing closely the policies adopted on certain issues by the two major proponents of the I.T.O.—U.S.A. policy on wool subsidy in the face of a world surplus; U.K. bulk purchasing monopoly on controlled Sterling Area low cost sources of supply; U.S.A. maintenance of export subsidy and at the same time abandonment of production control on cotton; U.K. selective release of sterling convertibility on coffee trading.

In the face of this experience and in recognition of where the control of joint purchasing organizations really rests, it is not to be expected that Latin American countries should show signs of relaxing their restrictive applications of exchange control, etc. The primary commodity producing countries recognize the "buyers' cartel" nature of these organizations. Recent measures such as the re-application of shipping space controls to restrict the use of Latin American leathers and imposition of O.P.A. ceilings at this late date on "basils" must smack so much of cracking the whip that it cannot be calculated to encourage a warm-hearted response to Proposals for Expansion of World Trade and Employment among economically weaker powers. Within an I.T.O. no major power can resort to "veto" action without a reaction on the whole system.

On other accounts also, particularly in the area of Tariff discussions and in the area of promotion of imports, the U.S.A. may be suspected of giving lip service only to the principles which are advocated. Even in the field of Commodity Agreements and Commercial Policy it is significant that the U.S.A. is prepared to advocate an agreement on Cotton while meeting a Joint Organization for disposal of the wool surplus with domestic subsidy and expansion of production.

That time is against any success with I.T.O. at a later date is also obvious. Unfortunately it may now be anticipated that foreign government credit programmes will run for two years and be materially consumed before the benefit of Tariff adjustment can be obtained.

The U.S.A. no longer enjoys a position of leadership and prestige in politics or commerce to the extent that she did nine months ago, and in the interim tendencies towards Nationalism abroad do not appear to have weakened in any degree.

#### WEAKNESSES OF THE "PROPOSALS":

On re-examining the Proposals for Expansion of World Trade and Employment there appears to be today a definite lack of appropriateness in many phases of their approach to the problems. One cannot expect anything better than lip service to set principles which are not economically feasible in view of political and other commitments.

It is obvious that there must be a basic conflict between the principles of Commercial Policy and specific national interests. An example is found in the

problem of British Colonial Policy where the alternative exists between discriminative application of price support under bulk purchasing or extension of parliamentary grants in aid. At the International Cotton Advisory Committee Conference it was disclosed that every major producing country and others besides are, or have recently been, supporting domestic prices. The whole of the U.S. commodity parity price programme could be presented as being at odds with certain of the Proposals.

There is perhaps also another and more fundamental weakness in the Proposals. Comparably in some measure with certain earlier attempts towards international political organization, the Proposals purport to define a set of principles which are universally applicable regardless of the vast differences in the state of economic evolution of countries which, it would be expected, are to observe them. "Ethiopia" may well debark [*sic*] upon a course of expediting domestic industrialization by tariff, exchange control or any other convenient machinery. There are vast differences between the economic organization of various trade spheres, each of which within itself may contain a limited basis for building sound freer trading systems. The integration of Western Europe becomes more practicable by areas (e.g. separate customs unions) than on a wholesale basis.

Extensive study of Commodity Policy reveals similarly that the "wholesale" approach has definite weaknesses. There seems to be relatively few commodities in which a universally applicable commodity agreement would be feasible. There seems to be a vast number in which variously modified forms of agreements would greatly improve the stability of international trade. Regional agreements in certain spheres would seem to be desirable for the same purposes. The conceptions of short fixed term agreements as the cure and of war-expanded production as the basic cause of surpluses are unrealistic (e.g. sugar, since the Paris Convention in 1864).

Under any short term agreement scheme either on commodity or commercial policy, the advantage of independent action by one or two non-subscribers is altogether too great. (e.g. failure of Chadbourne Sugar Scheme, position of non-members of Joint Hides Committee, etc.). The premium on the "wholesale" approach goes to the non-subscriber.

#### A NEW POLICY OF APPROACH:

It appears essential to strike a note of realism and to search first for whatever broad bases of agreement may actually exist. It would be essential for this that there be a clear appreciation that these bases of agreement may differ between several groups of countries, colonies and protectorates which are at comparable levels of economic development. Similarly, bases of agreement may be substantially broader for instance between countries in the Western Hemisphere generally and again between countries in Northern Europe than between countries in East Asia and between countries in the Mediterranean. This condition is fundamental and to disregard it will be disastrous.

The more important causes of dissension and breakdown within the framework of the I.T.O. scheme centre principally upon trade in primary commodi-

ties. It is international trade in basic foodstuffs and industrial raw materials which provides the purchasing power essential to trade in manufactured goods.

It is also a fact that these primary commodities rank first in importance as providing basic purchasing power for all international commerce and as basic freight for international shipping, insurance, etc. They are, at the same time, the commodities which are most susceptible to surplus production, price collapse and manipulation.

In the mid 1930's, despite the exceedingly low prices for these commodities then obtaining, coffee ranked fifth in importance in international trade in foodstuffs and was exceeded in value only by wheat, sugar, pork products and butter. In the same period of course cotton ranked alone in its importance as the primary textile fibre.

It is essential for the sake of stability to agree wherever agreement can be reached, whether it be on extent of subsidies, on permanent intention of bulk purchasing, on methods of state trading, on exchange control applications, on tariff policy, on conservation of domestic productive capacity, on treatment of buffer or reserve stock holdings or on national price support programmes generally, etc.

It may appear retrogressive to acknowledge that in the field of Commercial and Commodity Policy the White Paper has set forth objective principles which subjectively are not susceptible of universal application but that is precisely what must be done to discover, by regions and by trades, what tolerances may have to be accepted as essential to any real acceptance of the set principles in the first place.

To commence with, the tabling of national intentions is required for the purpose of exploring the possibilities of agreement. In the field of commercial and commodity policy the most appropriate medium for such a development would be provided in immediate action to establish the I.T.O. Commodity Commission and to bring under its authority the various existing international committees and study groups concerned with inter-governmental agreements on primary commodities.

There are now in being commodity study groups in one form or another concerned with present or future agreements on wheat, coffee, cotton, rubber, tin, wool and potentially sugar and tea. Other commodities subject to varying forms of agreements immediately before the war included beef and lumber; also agreements were under investigation on copper, sisal and copra. In the future one can visualize pressure for agreements on a further list of which vegetable oils, hides, jute and other fibres, cocoa and coarse cereals might be cited.

Accordingly it is considered vitally important that the preparatory conference to be held under the auspices of the Social and Economic Council of the United Nations should take measures to establish the I.T.O. Commodity Commission without further ado. The Commission would then immediately call for proposals from member nations for exploratory conferences on specific commodity problems.

The means would then be provided for a realistic approach to the underlying issues which are basic to subsequent exploration of the possibilities of tariff agreements. In certain cases also the means of meeting dissension on commodity and commercial policy within the I.T.O. framework may be found within the orbits of the I.L.O., the F.A.O. and the World Bank which it must be appreciated are already in existence.

THE APPARENT NECESSITY FOR ACTION:

It may be disastrous to allow the preliminary conference under the Social and Economic Council to concern itself only with discussion of "principles".

A primary objective is now to avoid an early failure of a too inclusive attempt. Public appraisal of the increasing divergence between Western and Soviet viewpoints suggests the urgent necessity of providing an early expression of some unifying and regenerative influence. Unless some unifying influence on a realistic level can be brought forward in the trade field within a short period, time will be against any real success of I.T.O.

In view of the initial source of the Proposals, it seems that it will remain with some country other than U.S.A. or U.K. to suggest a new approach. It is believed that it will not be long before realistic proposals will be very welcome.

Initially the offer of tariff concessions was understood in Washington to present adequate attraction for compliance, on other accounts, with the proposals. They are beginning to be disabused on this score. On the score of commodity policy they are beginning to discover that their agricultural floor price plan is being exploited by other countries without any compensating commitments and that under such conditions they cannot put up the I.T.O. umbrella.

Canada is not now committed to the same extent as the U.S.A. and the U.K. to the existing proposals. Nor is Canada stigmatized with direction of joint purchasing arrangements of the Combined Boards, etc. Her position is perhaps uniquely favourable on many grounds for development of a new approach.

596.

PCO/U-40-3

*Mémorandum*

*Memorandum*

MEMORANDUM OF DISCUSSIONS REGARDING THE PROPOSED WORLD  
TRADE TALKS, CARRIED ON BETWEEN CANADIAN AND UNITED  
STATES OFFICIALS IN OTTAWA ON AUGUST 8-9, 1946

Four meetings in all were held on August 8th and 9th. Mr. R. Macdonnell, Department of External Affairs, took the chair. Mr. David Sim, Deputy Minister of National Revenue (Customs and Excise); Mr. H. B. McKinnon, Chairman of the Commodity Prices Stabilization Corporation; Mr. Hubert Kemp

and Mr. Dennis Harvey, Department of Trade and Commerce; Mr. John Deutsch, Department of Finance, and Miss D. Burwash, Department of External Affairs, attended all the meetings. Mr. E. A. Côté, Department of External Affairs; Mr. Brown, Department of National Revenue; Mr. Meredith Glassco, Privy Council Office; Mr. Whiteley and Mr. MacKeigan, Combines Investigation Commission, were at certain meetings of particular interest to them.

The United States officials who attended the discussions were Mr. Winthrop Brown, Mr. J. Leddy and Mr. D. D. Kennedy of the State Department; Mr. Homer Fox and Mr. Edward Dow, Jr., of the United States Embassy in Ottawa.

The talks had two chief purposes, first to discuss the timing, agenda and procedure of the Preparatory Committee meetings to be held in London on October 15th and of the tariff discussions tentatively scheduled for March 15th, 1947, and second to consider the draft charter for an International Trade Organization prepared by the United States Government.

#### A. DISCUSSION OF TIMING AND PROCEDURE FOR PREPARATORY COMMITTEE AND TARIFF TALKS

Mr. Winthrop Brown and others of the United States group indicated that copies of the draft charter for the International Trade Organization prepared by the United States had been made available on a confidential basis to all members of the Preparatory Committee. It had been put forward, not as an expression of the final views of the United States Government, but purely as a starting point for discussion. The United States Government was anxious to do everything possible to advance preparations for the talks and to expedite agreement among the drafting countries. Mr. Winthrop Brown himself was proceeding to Australia and New Zealand to discuss the draft and general plans, and other United States officials were visiting various of the "drafting countries".<sup>1</sup>

The preparation of the draft had raised questions of policy and timing on which the United States and the United Kingdom were not in complete agreement. The British felt that early publication of the draft would be premature, in that it would immediately call forth opposition and give that opposition a chance to crystallize. They had indicated that if the charter were published prior to the Preparatory Committee talks they would feel obliged to make a public statement reserving their position. The United States Government wished to avoid any appearance of forcing the draft charter down the throat of the Preparatory Committee, but felt in the first place that publication would have a valuable effect in stimulating general interest, especially in the United

<sup>1</sup> Des représentants du Canada et des États-Unis avaient discuté de ces propositions lors de réunions préliminaires officieuses tenues à Ottawa le 21 et 22 janvier 1946. Voir le procès-verbal de cette réunion dans les dossiers du ministère du Commerce, Archives publiques du Canada, ITC-71B2, boîte 13.

<sup>1</sup> Representatives of Canada and the United States had discussed these proposals during informal preliminary meetings held in Ottawa on January 21 and 22, 1946. See the minutes of this meeting in Department of Trade and Commerce files, Public Archives of Canada, ITC-71B2, box 13.

States where a good deal of pessimism is at present being evinced. Misconceptions of the State Department's position on a number of points are widespread, and the State Department feels that these could be largely cleared up if the draft charter were published. Secondly, they believe that publication would help greatly in speeding up preparations for the World Trade Conference. At the present time the draft charter had not been placed on the tentative draft agenda for the Preparatory Committee meetings, which contained reference only to the Proposals.

The Canadian officials were of the opinion:

1. That early publication of the draft charter (say at the end of September) would be advisable. Mr. J. J. Deutsch indicated that a similar problem had arisen at the time of the Bretton Woods discussion and that as it turned out the publication of the experts' plan had done nothing but good.

2. That it would be desirable to have the draft charter accepted as the basis for discussion at the Preparatory Committee meetings.

The United States delegates circulated a copy of the tentative draft agenda (attached) † which the Canadian officials were to examine with a view to suggesting any additions or revisions that might occur to them.

Turning to consideration of the date for the "drafting countries" meeting, Mr. Winthrop Brown explained that the notices of proposed tariff revisions which were a statutory requirement in the United States could not all be got out until November 15th. In view of this delay the United Kingdom had suggested that the meetings originally scheduled for March 15th, 1947, should not open until March 31st. No objection was raised by either the United States or the Canadian representatives to this change. The Preparatory Committee would decide on a date and site, and it was the understanding of the United States representatives that the French Government would offer to act as host.

A question was raised whether the list of countries to be asked to attend the World Trade Conference in the late fall of 1947 had yet been determined. It was agreed that this was a matter which would be decided at the Preparatory Committee meetings in October.

Finally, mention was made of the fact that Norway, Chile and Lebanon had recently been included in the drafting group. The United States proposed, in view of this fact, to suggest that they enter into tariff discussions on the same basis as the original group. The United Kingdom had no objection to this suggestion, and the Canadian officials indicated informally that the Canadian Government also would be prepared to agree to the suggestion.

#### B. CLAUSE BY CLAUSE CONSIDERATION OF THE DRAFT CHARTER FOR I.T.O.

In accordance with a prior agreement among the Canadian officials, the United States representative interested in each particular section was asked to lead the discussion on that section. Mr. Winthrop Brown accordingly took the lead in the more general discussion; Mr. John Leddy handled tariff questions arising under Chapter IV, General Commercial Policy, and

Chapter VII, Organization; Mr. D. Kennedy matter relating to Chapters V and VI, Restrictive Business Practices, and International Commodity Arrangements.

Detailed consideration of the charter revealed that there was a very large measure of agreement on general principles. The Canadian officials indicated that they might have certain drafting changes to suggest and that there were some points, though comparatively few, in the draft charter that might give rise to administrative or economic difficulties. The chief points of interest which arose in the discussion are noted below.

#### *Chapter I. Purpose*

It was brought out by the United States representatives that Article 1:3, regarding assistance to under-industrialised regions, had been added to satisfy the demands expected from such countries. This Article and Article 60:1 were meant to take the place of the reference in the Proposals to "equal access to raw materials" and to the Industrial and Mineral Unit, which had been dropped from the charter. United States officials realized on reflection that they could not explain what "equal access to raw materials" meant.

#### *Chapter II. Membership*

No comment.

#### *Chapter III. Employment Provision*

Mr. Winthrop Brown indicated that this section had been added in an attempt to meet the Australian views on employment policy.

#### *Chapter IV. General Commercial Policy*

Article 8:2 having to do with the elimination of preferences was subjected to criticism. It appeared that the United Kingdom Government had indicated some objection to the reference to July 1st, 1939, which it was felt might give the charter retroactive effect. Mr. Sim and Mr. Deutsch pointed out that the word "eliminate" might raise unnecessary political difficulties since the Article did no more than start into action a gradual process of elimination.

The objection was noted by the United States representatives.

Article 10, transit rights: it was pointed out by the Canadian representatives that section 5 would clash with our direct shipment provision. This led to a brief discussion of shipping matters and the United States representatives reiterated their views, put forward in earlier talks, that shipping should be covered by a separate agreement and should not be dealt with by the I.T.O. It was noted in passing that nevertheless the United States were asking us to make a shipping concession.

Article 12:2a: the term "value for duty purposes" gave rise to discussion, but the feeling of the meeting seemed eventually to be that it would not be

practicable to include in an instrument of this kind a general definition of value. It was concluded that the rationalising of customs valuations would have to be tackled as a separate question related to the problem of customs formalities.

Article 18:1b: Mr. McKinnon pointed out that taken with Article 8:2, it appeared that the charter froze the tariffs of 1946 and the preferences of 1939. In Canada this distinction might give rise to political difficulties, since we should be obliged to let stand the tariff concessions made to foreign countries during the war, but should have to wipe out the concessions in preferences to Commonwealth countries. It was agreed that consideration should be given to redrafting this Article and possibly to omitting the specific reference to dates here and in Article 8:2.

Article 20, Restrictions to Restore Equilibrium in the Balance of Payments: Mr. Winthrop Brown indicated that the United Kingdom had objected to the provision that such restrictions should be non-discriminatory. Mr. Deutsch commented that, given this escape clause, members would tend to impose quantitative restrictions on trade in anticipation of an adverse balance of payments position. Mr. Leddy and Mr. Winthrop Brown acknowledged that this was so and indicated that efforts to establish objective tests of an adverse balance had not been very successful.

Article 25, General Undertaking regarding Subsidies: Mr. Winthrop Brown explained the United States attitude towards the protection of infant industries, which was that quantitative restrictions and tariff protection should be frowned upon and members urged to resort to subsidies instead. The United Kingdom attitude was somewhat the same. The Canadian officials indicated that they would take a similar view. It was agreed, however, that no general rule could be applied here and that concessions would have to be made during the tariff talks.

Article 26, state trading: there was a general feeling that this most difficult article should be capable of improvement, and both sides undertook to do some thinking about it.

Article 29, escape clause: it was noted that the state invoking the escape clause cannot take discriminatory action, and must withdraw concessions made to all countries. A retaliating state, on the other hand, can apply discriminatory sanctions, and suspend concessions in the case of the escaping country alone.

#### *Chapter V. Restrictive Business Practices*

Article 34:2, Mr. Kennedy pointed out that the charter went further than the Proposals in that it named specific business practices which were considered as ipso facto restrictive. The United Kingdom had already objected to this Article. Mr. Deutsch pointed out that many arrangements already in existence would be condemned by the charter and enquired whether these would have to be abolished immediately. It was replied that members

had a general obligation under Article 34 to consider whether existing arrangements were consistent with the spirit of the charter, but that a complaint had to be lodged before the abolition of any arrangement could be required. Mr. MacKeigan pointed out that English patent law would make Article 34:2f largely inoperative. Mr. Kennedy replied that in that case an obligation would rest upon the United Kingdom Government to change the law.

#### *Chapter VI. Intergovernmental Commodity Arrangements*

Mr. Kennedy, in his analysis of this part of the charter, emphasized that the United States was traditionally opposed to commodity arrangements and that the clauses in the charter were a somewhat reluctant acknowledgment of the necessity for them. Two points must be borne in mind regarding the United States attitude. In the first place, great weight was attached to the provision for representation of consuming nations in commodity discussions, and in the second place it was felt that commodity agreements should be kept to a minimum. Mr. Kennedy's answers to specific questions should be viewed in the light of these general principles.

Mr. Deutsch remarked that the criterion provided in the charter of need for a commodity agreement was a "burdensome surplus" or threat of a surplus. In this connection he pointed out:

1. That in present world conditions at least a deficit might be a cogent reason for a commodity arrangement.

2. That equitable commodity arrangements were easier to achieve in periods of scarcity when producers were often willing to accept less than the price their goods commanded in the open market in return for a guaranteed market during surplus periods.

Mr. Harvey in the same connection:

3. Observed that there were some commodities which, owing to the structure of their industry, appeared to be in permanent surplus and to require therefore a permanent commodity arrangement to regulate their marketing.

4. Enquired whether the "commodity study groups" provided for by the charter would be set up to study surpluses which were still very much in the future. Mr. Kennedy, in answer to these enquiries, replied:

1. That the charter did not provide specifically for the deficit situation, but did not rule out action on these grounds.

2. & 4. That there could not be permanent study groups in all commodities, but that the Commodity Commission would be expected to keep the situation under careful review.

3. That the United States did not accept the necessity for permanent commodity agreements, but expected rather that countries whose industrial structure suffered from the disequilibrium referred to should take corrective measures.

In answer to a question put by Mr. Deutsch, Mr. Kennedy indicated that commodity arrangements would not be discussed simultaneously with the tariff negotiations, since it would be difficult to arrange for a sufficient number of officials and representatives to handle both and since it would make the discussions impossibly complicated. A partial exception had been made in the case of wool, which was to be discussed at the Preparatory Committee meetings.

The Canadian officials were of the opinion that if this were the case some commodities, such as sugar, might have to be excluded from the tariff talks, since some participating countries might feel that the tariff concessions they would make were dependent upon assured markets and good supply.

It appeared in general from this part of the discussion that the United States officials admitted the need for commodity arrangements only very grudgingly and were inclined to interpret the Canadian officials' remarks as meaning that they were eager for numerous long-term commodity arrangements. It was pointed out to them that this was by no means the case.

### *Chapter VII. Organization*

Mr. Leddy introduced this chapter by observing that the International Trade Organization would stand midway between organizations of a purely advisory type like the Food and Agriculture Organization and those like the International Monetary Fund and the International Bank for Reconstruction and Development which had extensive powers. The draft aimed at increasing the power of representatives of states and reducing that of the Secretariat.

Article 53, Voting. Mr. Leddy indicated that the United Kingdom preferred weighted voting on the lines of the Fund and the Bank. The United States was not unsympathetic, but considered that it would be difficult to establish criteria. The Canadian officials agreed that this would be extremely difficult and indicated that they were prepared to accept the principle of one nation, one vote.

Article 56, Interim Tariff Committee. Mr. Leddy explained that this Committee, which had not appeared in the Proposals, would consist originally of the drafting group, other countries being added as they made substantial tariff concessions. The prospect of membership would thus, it was hoped, offer an incentive to countries to carry out tariff reforms.

Article 57, Executive Board—membership. Mr. Leddy pointed out that the Proposals' arrangement for permanent seats on the Board had been dropped. He suggested that there would be pressure both to enlarge the Board and to give undue weight to the principle of geographical representation. The United States hoped to resist these pressures. The Canadian officials indicated that Canadian policy too would be strongly opposed to them.

The meetings were then concluded with the discussion of timing and procedure for the trade talks which has been described in Section A of the present memorandum.

597.

DTC/Vol. 4-581

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

TELEGRAM CIRCULAR D. 818

London, September 3, 1946

IMPORTANT. SECRET. My telegram Circular D. 535,† commercial policy.

1. We have now heard that invitations have been issued for Preparatory Committee of the Economic and Social Council to meet on the 15th October as contemplated. Way is, therefore, clear to fix the date for the Commonwealth meeting which is to precede it. We think that ten days is the very least time which will be required for the Commonwealth meeting and we should, therefore, like to suggest that overseas representatives should be in London to start discussions on the 3rd October.

2. The United Kingdom delegation to the Commonwealth talks will be substantially the same as the delegation taking part in the Preparatory Committee meeting. It will be in the general charge of Mr. Marquand, the Secretary for Overseas Trade. Under him the Second Secretary (Overseas) of the Board of Trade (Mr. Helmore) will be the official head of the delegation with about seven other members representing the Departments chiefly concerned. (We may bring in specialists as the subject matter demands).

3. The agenda for the Commonwealth talks should clearly be based on what the Preparatory Committee will be discussing—there will, of course, be no actual tariff negotiating—and as the original directions to the Preparatory Committee in fact set out the main heads of the United States proposals (CMD 6709) though without actually mentioning them, it can be assumed that the agenda of the Committee will be those main heads. The United States authorities have recently sent us a tentative outline of an agenda. The first item on this is consideration of the United States procedural memorandum of looking to agreement on:

- (a) the objective of drafting the Charter of the I.T.O. of United Nations;
- (b) the objective of negotiating a Multilateral Trade Barrier Agreement (including selective tariff reductions, quotas, exchange restrictions, State Trading, etc.);
- (c) procedure preliminary to tariff negotiations and procedure at the negotiating meeting; and
- (d) the relationship between the meeting of the Preparatory Committee and the World Conference on Trade and Employment. (This would include discussion of the treatment to be accorded to the trade of countries outside the Multilateral Trade Agreement). The United States suggestions also include the establishment of Drafting Sub-Committees “to carry forward the work of drafting the I.T.O. Charter between the first meeting of the Preparatory Committee and the negotiating meeting”. The second main item on the suggested agenda is the examination of the principles to be incorporated in the

Charter and the following headings are enumerated—employment, trade barriers, cartels, commodity agreements, organization. The United States of America would propose to suggest that the points set forth in the proposals be taken as a basis for starting discussions.

4. We are in agreement with the general lines of this suggested agenda but we have some doubts about the proposal for Drafting Sub-Committees to work between the Preparatory Committee meeting and the drafting countries' meeting.

5. We shall be glad to know, as soon as possible, that your Government will be able to send a delegation for Commonwealth talks on the 3rd October and the number and, if possible, names of delegates and supporting staff, in order that the necessary administrative arrangements can be made. We should also be glad to have any comments regarding the scope of the discussions.

598.

CH/Vol. 2117

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

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

DESPATCH 1074

Ottawa, September 7, 1946

SECRET

Sir,

I have the honour to refer to the International Trade Organization proposals. The interdepartmental group of officials charged with preparing Canadian participation in the I.T.O. has suggested that we ask you to explore in Washington the possibility of inviting the Argentine to participate in the March 1947 negotiations. While we appreciate that an invitation at this late date to the Argentine might be somewhat embarrassing, it is felt that the advantages might outweigh the difficulties.

It is considered that in general eligibility for I.T.O. membership should be determined on functional principles subject to the proviso that the Charter should not be seriously weakened merely to persuade reluctant nations to join. It is in general desirable that I.T.O. membership should be as wide as possible to establish the maximum base of multilateral trade. The political question of approval or disapproval of any given country's regime or policies in fields other than international commerce would seem to be irrelevant to the question of I.T.O. membership, subject of course to the provision to avoid conflict with any sanction proposed by the United Nations.

We realize that it is probably intended to invite the Argentine to the full I.T.O. Conference in the autumn of 1947, but the Argentine Government is somewhat touchy and it may be that Argentine participation would be more likely if she took part in the drafting conference. The Argentine is a very important international trader and particularly so to Canada since she is a major exporter of some of the same basic products and therefore interested to some extent in the same markets as ourselves.

Again, the application of the "principal supplier" doctrine by the United States would, in the absence of the Argentine, inevitably limit the scope of the March tariff reductions and postpone reductions on certain important items until at best some time in 1948. This delay might present many of the negotiating countries with a new set of complications.

Moreover, whatever the provisions finally decided on for obtaining from non-drafting members tariff and quota concessions comparable with those previously arrived at by the drafting countries, they are likely to involve delay. In the case of such an important international trader as the Argentine, this could be more serious than in the case of most other non-drafting countries.

Presumably the Argentine was omitted from the original list of drafting nations for political reasons. But we feel that the principles affecting, for example, election to primarily prestige positions in the United Nations are not applicable to the proposed I.T.O. and should not be allowed to override the principle of functional efficiency. And if the Argentine does not participate in the I.T.O. there is danger that the Organization will be seriously weakened as the Argentine would be forced to tempt member nations to various forms of state trading deals.

To sum up, we would have no political objections to Argentine participation, and see considerable practical advantages. We would therefore like to see the Argentine associated with the project at the earliest feasible stage. While the pressure of time itself might make impossible Argentine participation before the March meetings, it may be thought possible that they could be represented informally at the October talks by an observer. This might help them appreciably with their own preparations for the March meetings.

We would be grateful if you could explore this matter informally with the appropriate officials in Washington and let us know their reactions as soon as possible.

I have etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

599.

DF/Vol. 3607

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

TELEGRAM 367

Ottawa, September 14, 1946

SECRET. Reference Circular D-833.† Voting procedure for proposed I.T.O.

We also have been giving some consideration to question of voting procedure and are inclined to feel (without however being committed to any definite view) that some system of weighting might be preferable to the one-state-one-vote principle. Unless there is some method of ensuring that major trading nations have a voice in the Conference and the Executive Board commensurate with their powers and responsibilities, the Organization is likely to be weak, without effective sanctions and with an excessive number of escape clauses.

2. The constitutions of Bretton Woods, various trade union organizations, including W.F.T.U., and the International Labour Organization all provide partial precedents; so does the charter of the United Nations, but the veto system is the least desirable of the various possible methods. If, therefore, a suitable method of ensuring weighted representation can be found, not only may there be more hope of getting a strong and effective Organization and Charter, but also the new precedent thus established might encourage a useful trend in international organizations generally.

3. We would not, however, be prepared to press these views at cost of jeopardizing wide agreement on the commercial provisions of the Charter.

4. We have no comments to make at this stage on the particular weighting formula you suggest. If, however, you have worked out the votes your formula would yield to Latin America and other countries, we would be grateful if you would send us the figures.

600.

PCO/U-40-3

*Le sous-secrétaire d'État par intérim aux Affaires extérieures*  
*au greffier du Conseil privé*

*Acting Under-Secretary of State for External Affairs*  
*to Clerk of the Privy Council*

SECRET

Ottawa, October 4, 1946

Enclosed, for your information is a copy of a memorandum on certain political and public relations aspects of the International Trade Organization project. This memorandum is intended to supplement the more specialized working papers on particular aspects of the United States draft Charter. It

was, however, prepared after the delegation left for the Preparatory Conference in London, and thus does not have the blessing of the Interdepartmental Committee.

ARNOLD C. SMITH  
for the Acting Under-Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du ministère des Affaires extérieures*  
*Memorandum by Department of External Affairs*

SECRET

[n.d.] 1946

INTERNATIONAL TRADE ORGANIZATION PROJECT  
SOME GENERAL OBSERVATIONS ON THE U.S. DRAFT CHARTER

I. Apart from tariff reductions, the International Trade Organization Charter, as envisaged at present in the U.S. draft, is based on three main concepts:

(a) Regulations for international commerce. This is the hard core of the project. However the draft regulations are in large part phrased negatively—"Thou shalt not . . ." Even where positive constructive action is envisaged as in the Commodity Councils, the wording of the U.S. draft Charter is such as to imply that these Councils are regrettably necessary exceptions, the formation of which must be restricted as much as possible.

(b) Superimposed on this concept is the problem of "employment". This was included as a secondary objective in the U.S. proposals ("For the expansion of trade and employment"), apparently to assist in securing for the commercial proposals a good public reception. However the Economic and Social Council of the U.N. put employment as the first item on the terms of reference of the Preparatory Conference, with a draft I.T.O. Charter as the last item.

(c) Superimposed also is the whole question of developing relatively unindustrialized countries. This did not figure in the U.S. proposals, but was added as a "special consideration" by the Economic and Social Council. Relatively undigested references to this problem were then inserted, obviously as an after-thought, in the "Purposes", "Functions", and "Powers" clauses of the U.S. draft Charter.

II. It already seems likely that an all-out attack may be made on the I.T.O. project by Communist parties throughout the world. A few weeks ago *Humanité* in Paris damned the proposals on the grounds that they amounted in fact to a programme for expanding the field of dominance of Wall Street and "big business". Molotov took a very similar line in attacking the economic

provisions advocated by the democratic powers for the Italian peace treaty, and Vyshinsky more recently took a similar line in Paris in connection with other draft treaties. While this attack is probably inevitable, the conception and wording of the I.T.O. Charter in the U.S. draft is such as to make the project unnecessarily vulnerable to criticism from all sections of the "left", and to embarrass many leaders of labour or left-wing parties who wish to support the project (e.g., in France, South America, and even to some extent in the U.K.).

III. The dangers inherent in the Communist attack, which should not be underestimated, can be largely avoided if sufficient care is taken to present the I.T.O. project in a constructive and forward-looking light, calculated to appeal to "progressive" circles with traditions of internationalism and of planning and with socialist or semi-socialist philosophy. Indeed, it is quite possible to present the project in such a way as to carry the attack into the critics' own camp.

IV. To do this, the whole project can and should be presented with the emphasis not negative, but positive. The draft Charter is in a real sense an attempt in the field of international commerce to create "one world", or to go as far in that direction as proves possible, by coordinating the commercial policies of as many countries as can be persuaded to cooperate. Multilateralism is a positive internationalist principle. The I.T.O. project can be presented above all as an attack on economic chauvinism; this phrase if judiciously used can perhaps be made to stick. The I.T.O. principles are in no sense incompatible with progressive methods of economic planning. They do mean a serious effort to avoid the dangers of economic warfare, and attempt to restrict the use of certain trade techniques of the type developed by Dr. Schacht for essentially totalitarian purposes: such techniques, as the history of the 1930's showed, constitute a dangerous threat to the integrity and independence of small countries.

V. These lines of thought will be relevant chiefly in public relations policy—for press releases and interviews, public speeches, speeches of delegates at open sessions of the various Conferences, for any general debates on the subject which may take place in the United Nations Assembly or the Economic and Social Council, etc. The importance of the main lines chosen for public presentation of the I.T.O. project should not be underestimated.

VI. It will probably also be desirable to rephrase the U.S. draft Charter in certain particulars to improve its chances of widespread public acceptance. Much of the verbiage of the U.S. draft, for example, has a strong flavour of the philosophy of private capitalism and laissez-faire. This flavour is quite unnecessary to the actual obligations suggested. And this sort of language unnecessarily begs a controversial question and thus tends needlessly to alienate potential supporters in various parts of the world. The actual commitments envisaged can be derived equally logically from the "progressive" internationalist principles suggested in Paragraph IV. The U.S. officials presumably had Congress very much in mind when drafting the proposed Charter;

but it will probably be good tactics to modify the wording in such a way as to obtain a wider acceptance by public and political parties elsewhere both of the whole concept of the I.T.O. and of the actual commitments desired.

VII. Certain modifications in substance would also seem desirable by the same token. These modifications are, however, minor. For example, the U.S. draft implies that trade associations and cartels are *prima facie* harmful though no mention is made of large private firms with comparable monopoly powers, and naturally the right of a member Government to maintain state-owned monopolies or state control of industries is protected. This discrimination is illogical. Our Working Paper on "Business Restrictions" suggests that "undue" or "unreasonable" abuses by cartels should be prevented, rather than the forms of organization themselves. Another example is the U.S. draft's curious attempt to restrict international commodity agreements to cases of oversupply or under-supply, etc. Presumably the Canadian delegation will press for freedom of Governments to establish commodity agreements whenever this seems desirable, though with suitable safeguards to prevent abuses; one suitable check could be the need for approval by the I.T.O. Executive Board in each case. But it is unwise for the Charter to seek to prevent, in advance and in principle, the use of international commodity agreements for purposes of stability or for purposes of assisting backward peoples. It is unnecessary for the I.T.O. concept to appear out of sympathy with the *ideals* of, for example, Sir John Orr's World Food Board project whatever view may be taken of its practical details. Moreover, it may eventually be found desirable to use machinery under the I.T.O. Commodity Commission to accomplish some of the objectives now envisaged for the projected World Food Board.

VIII. The inclusion of the "Employment" aspect in the I.T.O. project may also involve certain problems from the public relations and political point of view. Though originally included in the objectives apparently to improve the public attractiveness of the scheme, it could conceivably have exactly opposite results. The "employment" aspect might, for example, distract attention from the international commerce aspect, and might facilitate irresponsible criticism and disruptive efforts on the grounds that the major problem and objective is being virtually disregarded. Again, some nations may press for "outs" on employment grounds which would have the effect of weakening the serious commercial provisions of the Charter.

IX. Our Working Paper on "Employment Provisions" of the U.S. draft Charter suggests certain lines along which these provisions may be greatly improved without affecting the real commitments envisaged. The main responsibility for dealing with a threat of widespread unemployment is to be passed back to the Economic and Social Council, which can make appropriate recommendations to all the various specialized agencies concerned: while the commercial provisions of the I.T.O. Charter are explicitly recognized to assist the "full-employment" objective by restricting national measures cal-

culated to export unemployment, as well as by encouraging the expansion of international trade.

X. The "industrialization of undeveloped areas" concept is potentially perhaps the most important single aspect of the whole I.T.O. project. That the advanced democracies should assist the development of more backward areas of the globe is obviously desirable in principle on humanitarian grounds. Moreover this need is likely soon to be recognized also as a vital matter of strategy for the security of the democracies; unless we see to it that social and economic levels of the masses of people in South America, the Middle East, and Asia are raised, these areas will inevitably be an inviting and fertile field for agitation. Further, it is of supreme importance in the long term that the national evolution of India and China should be toward increasing cooperation with the western democracies rather than toward participation in a possibly hostile totalitarian block; to ensure this, western assistance in their economic development will probably be essential. And the timetable of history is probably such that "the long term" is not so long as that.

XI. The "industrialization" aspect was superimposed on the I.T.O. concept at a relatively early stage, and the few clauses (four or five in all) in the U.S. draft Charter referring to it appear to be merely hasty and undigested after-thoughts tacked on for appearance sake.

The problems involved are so vast that it will be essential to approach them with caution. Perhaps a good first step will be to have a fourth Commission—for the development of relatively unindustrialized areas—incorporated in the machinery of the I.T.O. It seems possible that the U.S. delegation intends to suggest or support some such amendment to their draft.

It will be a useful beginning if these "industrialization" problems are recognized as essentially international, and with international machinery set up to deal with them. It is important however that in the disposition of what is after all *our* know-how and *our* capital, the Western democracies retain freedom to determine the beneficiaries without being restricted by prior high-sounding internationalist principles (such as "take relief out of politics"). There must be no repetition of the anomalies of UNRRA.

XII. Apart from the problem of special measures to assist the industrial development of our potential friends, there will doubtless be demands from some of the less industrialized nations for exceptional treatment in the tariff clauses. It will no doubt be urged, with some plausibility, that the U.S.A. and Canada first developed strong industries behind high tariff walls, and only now seek a general acceptance of low tariffs—to the detriment of poorer nations still at an earlier stage of economic evolution. It may also be urged that rich capital-exporting countries should in the nature of things lower their tariffs more than poorer capital-importers, to encourage a satisfactory solution to balance-of-payment problems.

While all these factors will naturally play their part in the actual tariff-rate negotiations, it is doubtful if they should be allowed to create a series of "outs" to weaken the general commercial commitments of the Charter itself.

This factor may also—by way of "hypocrisy" charges—be used by those who wish to discredit the whole I.T.O. project. Probably the best answer will be to contrast the freedom from discrimination and untoward pressures inherent in the multilateral approach with the threat to sovereignty and the political and economic vassalage of small nations inherent in the most obvious practical alternative, the bilateral techniques practised by Hitler and other totalitarians.

XIII. With all its weaknesses, the I.T.O. project is an inspiring internationalist approach to world-trade problems, and the Charter represents perhaps the most ambitious and far-reaching project of international legislation yet attempted.

601.

DEA/8378-40

*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*

Ottawa, October 15, 1946

I refer to your letter of October 10th† and the attached copy of a note from the High Commissioner for South Africa† in Ottawa respecting the concessions which Canada will request of each of the countries at the forthcoming international trade conference.

2. The only list of such concessions that has so far been transmitted to the government of which the concessions are requested is that submitted to the United States. I have pleasure in enclosing copy of this list,† which you might like to send, in confidence, to the South African High Commissioner. Perhaps in return the High Commissioner might obtain for us a copy of the list of requests submitted to the United States by the Union of South Africa.

3. With regard to our prospective requests of other Empire countries, our thinking has been governed by the terms of the proposals in this connection put forward by the United States and agreed to in principle by the United Kingdom. They are as follows.

- a) That no existing margin of preference be increased.
- b) That no new margins of preference will be created.

c) That all reductions in most-favoured-nation rates will automatically operate to reduce the margins of preference.

4. We question whether it will be desirable or expedient in these circumstances for the Empire countries to include in their requests from other Empire countries any item on which a preferential margin is now enjoyed. If further reductions in the tariff rates are made with respect to items now subject to preferential margins, corresponding reductions would have to be made in the rates applying to the United States and to all other non-Empire countries. If any rate to a non-Empire country were to be reduced, a corresponding reduction in the rate to Empire countries would, we believe, be incompatible with the provision that the reduction in most-favoured-nation rates should operate automatically to reduce margins of preference. It seems to follow that any concession which might be granted by any Empire country to any other Empire country on an item on which a preference is now enjoyed would be compatible with the proposals as they now stand only if the preferential margin is eliminated and a new most-favoured-nation rate is established lower than the existing preferential rate.

5. In view of the above considerations, our requests of South Africa will probably be very small. We hope to be able to indicate specifically what they will be soon. If the proposals are not implemented to an extent sufficient to bring the provisions mentioned in paragraph 3 above into full operation, Canada might be under the necessity of revising and extending its requests in the light of the changed circumstances. In particular, and without prejudice to the possible necessity of other requests, we might ask for treatment equal to that extended to the United Kingdom with respect to the items in the South African tariff in which Canada enjoys a preference over most-favoured-nation countries but is not extended treatment so favourable as that extended to the United Kingdom.

6. In addition to any specified tariff reductions, Canada would like to retain existing preferential advantages except insofar as they might be relinquished at the request of some non-Empire country and in return for appropriate compensatory concessions elsewhere.

7. Should the international conference not reach any general conclusion respecting the determination of value for duty, Canada might find it necessary to make some special requests of South Africa in this connection.

8. Canada would like to continue to enjoy free entry for the items now free of duty when imported from Canada and would like to share the advantages of any tariff reduction that may be granted to other countries, either within the Empire or elsewhere, so far as this is not inconsistent with the charter for the international trade organization which may be accepted by the conference.

M. W. MACKENZIE

*Procès-verbal d'une réunion*  
*Minutes of a Meeting*

CONFIDENTIAL

London, November 2, 1946

NOTE ON A MEETING IN THE HIGH COMMISSIONER'S  
OFFICE ON 2ND NOVEMBER, 1946

Present:

Mr. N. A. Robertson (in the Chair)  
Mr. Brooke Claxton  
Mr. H. B. McKinnon  
Mr. D. Sim  
Mr. J. J. Deutsch  
Mr. H. R. Kemp  
Mr. D. V. LePan

1. Mr. Robertson explained that the meeting had been arranged to inform Mr. Claxton of what progress had been made in the Preparatory Committee on Trade and Employment.<sup>1</sup> He invited Mr. McKinnon as Head of the Delegation to outline the work of the conference.

2. GENERAL COMMENTS ON THE DELEGATIONS. Mr. McKinnon said that the preliminary stages of the conference had been disposed of quickly and harmoniously and that so far the conference had been animated by a desire to reach conclusions which would make the draft Charter submitted by the United States Delegation a satisfactory and effective instrument. The good atmosphere of the conference was perhaps partly to be explained by the absence of the Soviet Union (which was the only one of the eighteen countries invited which was not attending), but even more by the positive interest and goodwill of the delegations which were present.

(a) *Australia*. It had been expected that the Australian Delegation might be as pugnacious and as difficult to deal with as Dr. Evatt had been at Paris. In point of fact, however, the Australians had proved conciliatory and constructive. It was clear that Dr. H. C. Coombs, the head of the Australian Delegation, was doing his best to see that the Charter would be such that it could be accepted by the Australian Government. Mr. McKinnon expressed the view that Dr. Coombs had proved himself the most outstanding personality at the conference and this opinion was supported by the other members of the Canadian Delegation.

(b) *India*. The Indian Delegation, however, had been a stumbling-block. They had come with a great number of objections to the draft Charter and

<sup>1</sup>La Commission préparatoire de la Conférence internationale du Commerce et de l'Embauchage.

<sup>1</sup>Preparatory Committee for the International Conference on Trade and Employment.

on many points it seemed impossible to meet their wishes without emasculating the Charter entirely. However, in the last few days their attitude had softened somewhat. A member of the United Kingdom Delegation had suggested in confidence to Mr. McKinnon that, although Mr. Nehru, who is the leader of the Indian Delegation, was proving difficult, the Indian Government would not necessarily support him in all of his objections. It was the belief of the United Kingdom Delegation that the authorities in Delhi might be rather more amenable.

(c) *United States.* The United States Delegation had been remarkably tolerant and open-minded. Although their draft Charter had been taken as the basis for the work of the conference, they had not expounded it in a dogmatic way and had been willing to consider suggestions from all sides. Mr. Robertson said that he had been rather afraid before the conference opened that the United States Delegation might come in a crusading spirit as propagandists for free enterprise and that such an approach would make it impossible for the Labour or Social Democratic governments in Western Europe to accept the Charter. Mr. McKinnon said that there had been no hint of such a crusading spirit. In fact, he sometimes thought that Mr. Harry Hawkins, who was perhaps the chief sponsor of the Charter, was overly indulgent in considering amendments and amplifications which were inconsistent with its cardinal principles.

Conflicting evidence had reached the Canadian Delegation as to what effect Republican successes in the United States elections might have on the fate of the draft Charter. Mr. Clair Wilcox, Head of the United States Delegation, Mr. Hawkins, and Mr. Edminster had all expressed their confidence to Mr. McKinnon that the Republicans would support this United States initiative wholeheartedly. On the other hand, the Hon. William Johnson, in conversation with Mr. Sim, had been more skeptical. He thought that, should the Republicans be successful, the United States would continue to participate in the work of putting the Charter in final form but Washington would be so permeated by a different philosophy, by a different outlook on international trade, that the Charter would probably remain a dead letter.

(d) The French, Czechoslovak, Lebanese, Chilean and Peruvian Delegations had all raised many objections. But Mr. McKinnon thought that the essential reason for this was that they had not participated, as we had, in all the preparatory work which lay behind the draft Charter. Many of their objections were being withdrawn as the mists of ignorance were dispelled.

3. FULL EMPLOYMENT. The most notable feature of the conference, Mr. McKinnon said, had been the great emphasis laid on full employment. The importance of this subject had been urged by the Australians ever since the first conversations looking towards an international trade organization began more than three years ago, and they had been successful in securing a larger and larger place for it in successive drafts which had been prepared. It seemed that they would have a similar success at this conference. In 1943 during the talks on commercial policy in London the United States proposals contained

no reference to full employment whatsoever. As a result of Australian pressure at that meeting a reference was included to full employment at the end of the document. During the discussions in 1944 this reference was expanded into a separate chapter. In 1945 this chapter was brought up to the very forefront of the Commercial Proposals. The present conference was now considering an entire convention on the subject of full employment which would be separate from the trade Charter. This draft convention would bind the signatories to collaborate in taking international action to avoid the creation and spread of unemployment. The Australian approach, Mr. McKinnon explained, might be put in this way: "All the rest of you, including the virtuous Canadians, take the view that full employment will follow from expanded international trade. We, on the other hand, take the view that, if the nations of the world manage to maintain full employment and create a rising standard of living, world trade will be expanded automatically and the task of breaking down trade barriers and restrictions will become comparatively unimportant." The Australians for this reason were diffident about accepting commitments which would deprive them of weapons on which they feel they must depend to maintain employment in Australia and prevent the export of unemployment from other countries. In particular, they claim that members of the International Trade Organization should be permitted to hail before some organ of the ITO any country which they believed to be exporting unemployment, and if need be as a last resort, discriminate against that country.

4. Mr. Robertson said that in his view it would be a mistake to write a separate convention on full employment. It would be better, he thought, to keep the obligations with respect to full employment and to trade barriers yoked together in the same document. A chapter on full employment would give the Charter more popular appeal. He was also afraid that, if two separate documents were prepared, some countries, Australia for example, might ratify the full employment convention without ratifying the trade Charter. He was also doubtful whether a separate convention on employment could be passed through the United States Congress. This doubt was confirmed by Mr. McKinnon, who said that Mr. Wilcox had told him privately that full employment provisions would have to be incorporated in the Charter to be acceptable to Congress.

5. UNDER-DEVELOPED COUNTRIES. The second most important alteration in the draft Charter which had been made in the present conference, Mr. McKinnon said, was a series of provisions to protect the position of underdeveloped countries which wish to become industrialized. This campaign had been led by the Indian Delegation. From their point of view the draft Charter appeared as an attempt by the United Kingdom, United States and Canada, all countries which had reached a high level of industrialization, to force their goods on markets abroad. Tariff protection had played a large part in building up these countries' industrial strength, in the Indian view; now they wished to perpetuate their own industrial superiority by denying to other countries the weapons they had used themselves. Parenthetically, Mr.

McKinnon remarked that it was very noticeable how often Canada was referred to in the course of the meetings as a rich, powerful and highly industrialized country and how often it was classed in the same category as the United Kingdom and the United States. The Indian Delegation claimed that India must arrogate to itself the right to use the devices which had brought wealth and industrial strength to other countries. They were almost prepared to argue that any industry in India is an infant industry and therefore deserving of protection. Mr. McKinnon reported that it had now become fairly generally recognized in the conference that these pleas by the Indian Delegation on behalf of under-developed countries would have to receive some satisfaction and, accordingly, Dr. Coombs had been asked to draft a new chapter in the Charter to deal with this question. The sincerity and earnestness with which he was devoting himself to the work of the conference could be gauged from the fact that he had produced a draft which went a long way towards meeting the wishes of the Indian Delegation but nevertheless allowed for many fewer let-outs and escape clauses and was much more in keeping with the tenor of the Charter.

6. WAR-TORN COUNTRIES. Some countries, notably France and Czechoslovakia, had been disposed to argue that their economies had been so devastated by the war that they should be classed with under-developed countries for the purposes of the Charter. Both these countries were anxious to prolong as far as possible the transitional period during which quantitative restrictions could be imposed. The Czechs for example had suggested that the transitional period might be as long as from thirty to fifty years. Perhaps this suggestion was not intended to be taken too seriously and was more in the nature of a bargaining counter; but it revealed in an extreme form the desire to use the transitional period for all it is worth.

7. Mr. McKinnon declared that the twin subjects of full employment and industrialization of under-developed countries were rapidly usurping the place of greatest importance in the conference and that the Charter was in grave danger of becoming so riddled with exceptions introduced to meet the objections of many countries on these two scores that the final document might well be almost useless.

8. Mr. Robertson thought that we should consider very carefully how far we should be prepared to see the Charter loosened and weakened. It was the same problem as had confronted the League of Nations: whether to form a loose but comprehensive organization which might prove ineffective or a tightly knit but narrow body which could probably act with greater unity of purpose. If it seemed impossible to secure wide adherence for the trade Charter without so watering it down that it would be of very little use in freeing the channels of trade, Mr. Robertson thought it might be wise to abandon the attempt and start instead from the other end of the scale. The United States, United Kingdom and Canada for example could probably conclude an effective and significant agreement along the lines

of the present Charter, which other countries would most certainly want to join. If a tripartite Charter or convention of this sort were left open, it would soon attract many new adherents, he thought.

9. Enquiring about the Australian position, Mr. Claxton asked if what they were advocating was not simply a policy of autarky. Mr. McKinnon replied that he thought it was, although with a difference. Mr. Robertson said that, as he understood the Australians' point of view, they held that an underdeveloped country should be allowed to develop its infant industries behind a high protective wall and select for itself which industries could be maintained to the country's economic advantage. They claimed that the result of this process would be the same as the result of free international competition; in both cases an international division of labour would be created. It was a plausible argument but showed a great neglect of human nature and of political history. Mr. Claxton said that the vital objection to it in his view was that it left the way open for sky-high tariffs.

10. Mr. McKinnon reported that the United Kingdom officials generally and Mr. Helmore in particular were loyally supporting the United States Delegation in searching for formulae and devices which would protect the core of the Charter and yet give some satisfaction to countries which were seeking exceptions to enable them to maintain full employment. On the other hand, Mr. McKinnon was somewhat concerned by the attitude of the Labour Government on this question. He mentioned, for example, a confidential conversation which he had had with Lord Addison in which he had told the Dominions Secretary that the work of the conference was being focussed more and more on full employment; Lord Addison had replied that the whole trend of commercial policy must move more and more in that direction. Mr. Robertson thought that the attitude of the United Kingdom Government towards the linked topics of trade and employment, which in general was very similar to that of the United States Government, was, however, qualified by two factors:

(a) In the first place the phrase "full employment and a rising standard of living" falls with a welcome and perhaps seductive sound on the ears of the Labour Government; and

(b) the United Kingdom can never entirely forget that it is a colonial power responsible for the well-being of a number of territories which are underdeveloped industrially.

11. COMMODITY POLICY. Mr. Deutsch reported that it was intended in the draft Charter to block in commodity policy only in the most general outlines and for this reason the work of Committee IV, which was dealing with commodity policy, had gone comparatively smoothly. However, there was some difference of opinion, or at least of emphasis, among the members of the Committee. The Australian and Netherlands Delegations wished to include as many commodities as possible within the scope of this chapter of the draft Charter, while the United States Delegation wished to include as

few commodities as possible. In general, our Delegation had been supporting the United States view but had urged that rather more flexibility should be introduced. With the exception of this one point of difference the Committee had rapidly reached substantial agreement. For example, the Committee had been convinced by the Canadian argument that commodity agreements would be useful in dealing with shortages as well as with surpluses. The Committee had also given some consideration to the question of buffer stocks. Although many members held that the creation of buffer stocks would involve grave administrative difficulties, they had not been ruled out as a proper sphere of activity for the ITO. There had been very general agreement that a single commodity regime should be established under the ITO and that the FAO should not be given authority to supervise commodity agreements for food-stuffs. The Canadian Delegation had not yet taken up an official position on this question.

12. **COMMERCIAL POLICY.** On commercial policy in the strict sense, Mr. McKinnon said that there was not yet much of substance to report. This was a highly detailed and technical field in which most of the key decisions would not be taken until next March when the tariff and preference negotiations were going forward. The M.F.N. article of the draft Charter had been considered by Committee II and it appeared as though agreement on this article would be reached early next week. Mr. McKinnon wished to bring to the Minister's attention a serious and special problem which confronted the Canadian Delegation alone. He recalled that during the war the Canadian Government had unilaterally reduced both British preferential rates and M.F.N. rates on a wide range of tariff items. According to the draft Charter, preferences could not be increased "above their level on July 1st, 1946". Unless Canada could restore the tariff and preference cuts which it had voluntarily made during the war, we would be in a poor bargaining position in the negotiations next spring. Mr. McKinnon thought this was an extremely serious problem, probably the most serious, which would have to be urgently considered as soon as he returned to Ottawa. In the meantime, the United States Delegation was showing considerable sympathy with the peculiar situation in which the Canadian authorities found themselves.

13. **RESTRICTIVE BUSINESS PRACTICES.** Mr. McGregor, who is representing Canada on Committee III, which deals with restrictive business practices, was not able to be present because of the meeting of a sub-committee; but Mr. McKinnon said that the work of this Committee had not been so smooth as had been reported. The draft Charter had gone beyond the Commercial Proposals and had listed specific monopolistic practices which would be outlawed by the ITO. It would likely prove difficult in the Committee to come to an agreement as to whether all of these practices should be proscribed.

14. **ORGANIZATION OF THE ITO.** Mr. Pierce said that the two most contentious issues on the agenda of Committee V, which is considering the organization of the ITO, were the questions of membership and of voting.

The Canadian Delegation had taken the position that membership of the Organization should be as wide as possible and should even include the ex-enemy countries, which might be represented by the respective Control Commissions if need be. On the question of voting, the draft Charter had provided that in the conference of the Organization each country should have one vote. The Canadian Delegation had been inclined to think that some system of weighted voting should be devised but had not been able to secure much support for this idea. The United Kingdom Delegation also would favour such a system. Unfortunately, however, they were bound by the general support which they had given on all points of importance to the United States Commercial Proposals in which the principle of one country—one vote had appeared. Apart from the United Kingdom, no country had spoken in favour of the principle of weighted voting. Mr. Robertson expressed anxiety over this development. He said that it led him to believe that many of the countries represented at the present conference were simply trifling. "If you intend," he said, "to transfer real power to the ITO, you must have functions related to responsibility. And that means weighted voting."

15. FUTURE TIMETABLE AND PROCEDURE. The Committee of the Heads of Delegations had decided that the report of the Preparatory Committee should be in two parts. Part A would simply be a narrative of meetings of the various committees and sub-committees. Part B would define the areas of agreement and of disagreement. In addition, an appendix would be compiled which would consist of the United States draft Charter plus agreed amendments. This appendix would provide the basis for the work of the Drafting Committee which it had been decided would be set up by the Preparatory Committee and would begin its sittings on the 1st January or shortly after that date, either in New York or Geneva. It had been agreed that the next meeting of the Preparatory Committee, which would be convened about 1st March, would be held in Geneva.

603.

DEA/8378-40

*Discours du haut commissaire en Grande-Bretagne*

*Speech by High Commissioner in Great Britain*

REMARKS BY MR. N. A. ROBERTSON, . . . AT THE CLOSING PLENARY SESSION  
OF THE PREPARATORY COMMITTEE ON TRADE AND EMPLOYMENT

LONDON, NOVEMBER 26

Mr. Chairman,

Now that the conference is coming to an end, I think it is possible to look back over the work of the past six weeks with considerable satisfaction. When the conference opened, many felt that if it succeeded only in conducting a preliminary reconnoitre of the steps which would have to be taken before an International Trade Organization could be set up, it would not have been

a failure. The problems to be solved were so complex, and the economies of the various countries represented were so diverse, that it seemed unreasonable to expect much greater progress than that. In the upshot, those modest hopes have proved too timid. Not only have the main problems been explored, but a wide area of preliminary agreement has been reached between delegations. Our governments will now have before them agreed drafts of many articles of a trade charter, and we turn over to the Interim Drafting Committee a wealth of concrete proposals. Differences, of course, remain. But after the thorough discussions which have taken place here, it should be much easier to compose them when the Committee meets at Geneva.

This wide measure of agreement on the official level appears all the more gratifying when account is taken of the varying economic situations in which the countries represented here find themselves. Some of them have been devastated by the war; others have escaped unravaged. Some of them are mature industrial economies, anxious to find expanded markets for their manufactures; others are underdeveloped industrially, and wish to diversify and increase their industrial production. Some of them believe in wide schemes of Government ownership of industry; others put more reliance on the initiative of private enterprise. Out of this diversity might well have come merely confusion of tongues and confusion of counsels. That instead there has emerged such wide preliminary agreement is a tribute to the goodwill and hard work of the delegates. Even more, it is a confirmation of the fundamental attachment of the Governments represented here to the purposes for which this conference was called. Differences remain over emphasis and methods; but all are agreed that Governments must take concerted action to free the channels of trade and to maintain a high and stable level of employment.

During the past weeks members of all delegations have had to thread the mazes of a great number of intricate special subjects. To most of the public, perhaps we should remind ourselves, these mazes remain mysterious and occult. To the uninitiated, the problem, for example, of confining the use of quantitative restrictions to balance of payment grounds is as much a riddle as the quantum theory. So that it is wise, I think, occasionally to recall the consequences which would follow if the work begun here should end in failure, and on the other hand the brighter future we can look forward to if these efforts succeed.

During the inter-war period, many of the problems which have been discussed here were considered, although never so comprehensively, at international conferences. Those conferences were abortive. Economic dislocations and depressions set in, which had not a little to do with producing the morbid political and psychological culture in which the seeds of war could sprout. We must see to it that that melancholy course of events is not repeated.

If, on the other hand, we can create an institutional structure to outlaw those practices which have had such a harmful effect on world trade in the

past, and to settle recurring commercial difficulties, we will have done much to rid the peoples of the world of the fear of insecurity, want and unemployment. All countries are affected by changes in the volume and pattern of world trade—my own country not least of all. We must see to it that such trade is expanded as much as possible. If goods can be made to pass freely and in good volume through the arteries of international trade, this lively current will ultimately have a tonic effect on the fortunes and well-being of individuals all over the world.

For the success which has been achieved already, Mr. Chairman, the Canadian Delegation feel that you have been in no small measure responsible. Your long experience and unflinching tact have been constantly at the service of the conference, and have helped it over many difficulties. We are also indebted to the hospitality of the United Kingdom Government, which has done so much for the comfort and convenience of the delegates. We would like to pay a special tribute to the initiative of the United States Delegation in presenting to the conference such a carefully prepared draft charter for its consideration. I feel certain that no such rapid progress could have been made if the conference had not been able to take the United States draft as the basis for its discussions. It is usually held to be a parent's prerogative to dote on his children. But the United States Delegation have looked on unflinchingly while their offspring has been probed and punched. Parenthood can seldom before have reached such heights of tolerance and forbearance. It is a spectacle which has commanded our admiration. We only hope that as a result of this hardening process which has begun so early, the infant will grow up to a long and lusty life.

We have made a good start. But much still remains to be accomplished, and I am sure that there is no one here who is in danger of falling into complacency. The Canadian Delegation take the preliminary agreement which has been reached here as a good augury for final success when we continue our work next year.

604.

DEA/9100-A-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] December 27, 1946

INTERNATIONAL TRADE ORGANIZATION; FORTHCOMING MEETINGS; CABINET  
AND INTERDEPARTMENTAL COMMITTEES ON EXTERNAL TRADE POLICY

At the meeting of the Cabinet on December 27th, it was agreed that the procedure recommended by the Secretary of State for External Affairs (see External Affairs memorandum, December 23rd, 1946) in the matter of a

base date for tariff negotiations, restoration of 1939 tariff levels by proclamation and notification to other Commonwealth governments and the United Nations be approved.

It was also agreed that a Cabinet Committee on External Trade Policy be established, to consist of the following Ministers:

Secretary of State for External Affairs (Chairman);  
Minister of Agriculture;  
Minister of Trade and Commerce;  
Minister of Finance;  
Minister of National Revenue;

the Cabinet Committee to establish a subordinate interdepartmental advisory committee of nominees of departments represented on the Cabinet Committee and a representative of the Bank of Canada.

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du ministère des Affaires extérieures*

*Memorandum by Department of External Affairs*

[Ottawa,] December 23, 1946

MEMORANDUM RE MULTILATERAL TARIFF NEGOTIATIONS  
AT LONDON AND GENEVA

At the recent meeting in London of the Preparatory Committee on Trade and Employment, Canada undertook, along with the other Commonwealth countries, to inform immediately the U.N. Secretariat as to the *base date* in respect of which preferential margins will be made subject to negotiation. This undertaking cannot be honored, and preparations here for the negotiations cannot be put in hand, until a policy decision in the matter has been taken by the Canadian Government.

In its expressed willingness to consider substantial reductions in its customs duties in return for, inter alia, the substantial narrowing of margins of preference in those countries possessing preferential regimes, the United States has in mind the margins of preference as they stood immediately pre-war, i.e.—those of 1939. In most of the Commonwealth countries, the margins of today *are* those of 1939; in Canada, however, the operative margins throughout almost the entire Customs Tariff have been materially increased by reason of the reductions in duty unilaterally accorded to the United Kingdom under the provisions of the War Exchange Conservation Act. Under this Act, duties against United Kingdom imports were completely removed on many important items forming a schedule to the Act; on prac-

tically all other items in the tariff, the duties were reduced by discounts ranging from 25 to 50%. These greatly widened de facto preferential margins are still operative, no action having been taken by the Government to terminate the Act under which they were created. The termination clause in the Act reads as follows:

This Act shall be deemed to have come into force on the second day of December, one thousand nine hundred and forty, and to expire on the date of the issue of a proclamation under the WAR MEASURES ACT declaring that a state of war no longer exists or on such earlier date as may be fixed in a proclamation of the Governor in Council.

Apart from the fact that notification as to the base period must be given at once to all interested countries, the situation is one that must be clarified in order that those responsible for the complicated tariff negotiations now envisaged may know what is their bargaining position. If they are to proceed toward negotiating reductions of 1939 preferential margins in relation to the actual War Exchange Act duties applicable today to United Kingdom goods, it follows: that (1) they have no bargaining power in respect of the U.K. or other Commonwealth countries, and (2) the narrowing of the margins can be achieved only by reducing drastically the duties applicable to the United States and other most-favoured-nations. An extreme, but actual, illustration is that of a major Canadian industry whose protection against foreign competitors might, by the application of this formula, be reduced from a rate of 30 p.c. to one of 5 p.c., ad valorem.

From a strictly technical and purely negotiating point of view, it would be desirable that the war-time reductions in duties on U.K. goods be withdrawn by Order-in-Council, effective immediately. It is recognized, however, that such action would present extreme difficulties in respect of general policy toward the United Kingdom. It is suggested, therefore, that the Governor in Council do now by Order authorize the issuance of a proclamation as of June 30, 1947, providing for the termination of the relevant provisions of The War Exchange Conservation Act. Should it be the case that, at the approach of the above-mentioned date, the multilateral tariff negotiations are still not completed and the Government be of opinion that the reduced duties against U.K. imports should temporarily be continued in effect, another Order-in-Council could be passed deferring the date of issue of the proclamation.

Action along the lines of the above suggestion would automatically restore our bargaining position vis-à-vis all countries. It would, however, avoid the immediate re-imposition of the former higher rates against United Kingdom imports and permit time and scope for negotiations on an effective basis with both Commonwealth and other countries. Canada's new tariff relations with the United Kingdom could then be determined by the outcome of the forthcoming multilateral negotiations.

## SECTION D

ORGANISATION POUR L'ÉDUCATION, LA SCIENCE  
ET LA CULTURE DES NATIONS UNIESUNITED NATIONS EDUCATIONAL, SCIENTIFIC  
AND CULTURAL ORGANIZATION

605.

DEA/5582-H-40

*Mémoire du chef, la direction de l'information, au sous-secrétaire d'État  
aux Affaires extérieures**Memorandum from Head, Information Division, to Under-Secretary of State  
for External Affairs*

[Ottawa,] January 30, 1946

At Mr. Claxton's request, I am sending him the attached memoranda on UNESCO and expect to supply him with at least one more.<sup>1</sup> He is giving some consideration to the possibility of raising the matter of the National Commission, as called for under the UNESCO Constitution,<sup>2</sup> at some stage of the Dominion-Provincial Conference, because if such a body is decided upon by the Federal Government it would presumably have to be set up in conjunction with the provincial governments so far as its educational aspect was concerned. The idea of a continuing Dominion-Provincial committee, serving the national purpose in this way, might appeal to the provinces now.

T. W. L. M[ACDERMOT]

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du chef, la direction de l'information**Memorandum by Head, Information Division*

[Ottawa,] February 2, 1946 [sic]

## NATIONAL COMMISSION FOR UNESCO

A National Commission, broadly representative of the educational, scientific and cultural interests of the nation, is an integral part of the UNESCO machinery in each country member. It would speak for these interests and advise the government from this point of view. Through its head office and secretary, the work of UNESCO could be transmitted to all parts of Canada by the government.

Such a body, however, has other useful possibilities.

<sup>1</sup> Seulement un des mémoires est reproduit ici.

<sup>2</sup> Voir Canada, *Recueil des traités*, 1945, N° 18.

<sup>1</sup> Only one of the memoranda is printed here.

<sup>2</sup> See Canada, *Treaty Series*, 1945, No. 18.

At present, the Department of External Affairs, alone, receives a considerable number of inquiries and requests through its diplomatic offices abroad, and from other quarters, concerning cultural, scientific, and educational matters. These include:

- (a) offers of scholarships to Canadians by foreign governments
- (b) exchange of professors, lecturers, scientists, orchestral conductors, etc.
- (c) requests for Canadian music, written and recorded
- (d) requests for information about special instruction, courses, degrees available in Canada.

Increasing stress is laid by our representatives on the potential value to Canada, in cultural and in commercial terms, of developing these aspects of our national life. A particular example is the exchange of scholarships which bring foreigners to our shores under the most favourable conditions for studying the country and returning home with an understanding of its institutions, and with numerous personal friends and acquaintances for future contact. There are few more lasting ways of laying foundations for the development of Canadian trade, industry and applied science, and the extension of Canadian influence abroad.

The growth, in variety and volume, of this interest in Canadian intellectual and cultural possibilities is, of course, a direct outcome of the growth of Canada itself as a nation among nations. The fighting power, the industrial expansion, the financial initiative, the political contribution in international affairs, and the now considerable diplomatic service developed during the war, have created a world-wide interest in Canada. On most lines we are nationally equipped to respond to that interest and to satisfy it. On the intellectual and cultural side we are not.

There is no central office, far less a Government Department, through which our educational institutions, and our scientific and cultural organizations, can be collectively informed of the international interest in them, or through which they can reach other nations and governments. Independent effort, and private undertakings, are endeavouring to do something. But they have neither the resources nor the administrative means to deal with the matter on the scale it has now reached.

The Office of the National Commission could serve a most useful purpose, therefore. To it enquiries could be referred, and from it suggestions and projects approved by the universities, or the artists, or the adult educationalists, etc. of the country could be obtained for transmission abroad. It could facilitate special arrangements, conduct correspondence, compile information.

Apart from these immediately practical needs for a central office, there is also need for a medium through which the rather scattered intellectual and cultural life of Canada might be brought together. Its members, French and English speaking, provincially divided, and often too independent to be financially strong, would, by meeting and discussing common problems in

the Commission, gradually acquire a national outlook shared by all, and could develop a technique for co-operation. In the early stages many problems would arise, for example, in the appointment of members of the Commission. But if the main purpose was made clear, and a tentative, experimental approach to creating a national body was followed, beneficial results might be expected to follow.

606.

CH/Vol. 2104

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

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

TELEGRAM 398

London, February 11, 1946

MOST IMMEDIATE. Preparatory Commission UNESCO.

Financial and staff arrangements will be discussed Tuesday morning. There is much confusion in the minds of many delegates as to proper source of income and expenditure and proper expenditures. Understand United States delegates insist on budget for administrative expenditures only and that while UNESCO should advise on the expenditure of funds from voluntary agencies or Governments they should not accept responsibility for collection of such funds or for accounting for them. I understand this is your view but would welcome draft statement for use if necessary.

Peruvian delegate this morning proposed that UNESCO should solicit funds by sale of special stamps in the schools of all countries.

607.

CH/Vol. 2104

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

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

TELEGRAM 375

Ottawa, February 11, 1946

IMMEDIATE. Your telegram 398 of February 11th, Preparatory Commission UNESCO.

In our view you should avoid, if possible, taking a prominent part in the discussions on financial and staff arrangements for UNESCO. As you know, our view accords in general with the United States attitude as described in your telegram under reference and it would seem that initiative might appropriately be left in the hands of the United States delegation.

2. However, should you find it necessary to support United States position you might take the line that Canada appreciates the pressing needs of Europe

in the educational fields and the high aims of UNESCO. Several agencies are already active rendering assistance including UNRRA, and, pending a clearer definition of the relationship between these agencies, inter se, and to the United Nations Organization, it is desirable to avoid having Governments already committed to heavy financial contributions to existing agencies faced with an additional charge in relation to an organization still in its preparatory stage.

608.

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

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

TELEGRAM 485

Ottawa, February 22, 1946

Your 425 of February 14th. † Preparatory Commission UNESCO.

It would appear from the enumeration of sections in Paragraph 4 that a somewhat elaborate administrative machinery for UNESCO is planned. We should be glad to have a report on the size of the staff anticipated and the type of work which each section proposes to do. It is our view that, particularly in its early stages, UNESCO should proceed gradually until its functions are quite clear and its relationships with other United Nations activities under the Economic and Social Council have been determined. While interest in UNESCO in this Country is keen in many quarters, the manner in which it will operate and the scope of its interests have an important bearing on our active participation in it. It is to be remembered that in educational matters, in any case, it must be clear from the outset that recommendations, even reports, criticisms and suggestions bearing on education which emanate from UNESCO, must not in any way, as far as Canada is concerned, be allowed to encroach on this provincial field.

We are also interested in the course of the discussion on National Commissions, their functions, form and composition. Has any progress been made in any Member State towards setting up a National Commission? Australian procedure is particularly relevant in this connection.

609.

DEA/5582-A-40

*Mémoire du chef, la direction de l'information, au sous-secrétaire d'État  
aux Affaires extérieures*

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

[Ottawa,] April 20, 1946

The Prime Minister's notes would suggest that he is not very much in favour of bringing UNESCO before Parliament for agreement and later

executive action by Council unless there develops a fairly vigorous Commons clamour on the subject.

If the matter remains as quiet as it is now, then the Constitution could be accepted by Council without Parliamentary reference—a procedure to which Mr. Hopkins tells me there is no legal objection.

I have B.F.'d the file for April 29.

T. W. L. M[ACDERMOT]

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

Ottawa, March 27, 1946

FORMAL ACCEPTANCE BY THE GOVERNMENT OF CANADA OF THE  
CONSTITUTION OF THE UNITED NATIONS EDUCATIONAL,  
SCIENTIFIC AND CULTURAL ORGANIZATION

1. Under authority of Order-in-Council P.C. 6634 delegates from Canada attended the United Nations Educational and Cultural Conference in London in November last, when a Final Act, a Constitution, and an Instrument establishing a Preparatory Commission, were drafted for a specialized agency of the United Nations to be known as the United Nations Educational, Scientific and Cultural Organization (hereinafter referred to as UNESCO).

2. These documents were tabled in the House of Commons at the opening of the present Session and it is now recommended that the Cabinet give consideration to the participation of Canada in this Organization and the acceptance by Canada of the attached Constitution.† As is indicated in the Report submitted by the delegation to the Prime Minister, the Constitution was agreed upon by the 42 nations at the Conference. It will come into effect when 20 acceptances have been received. It has been advised that the United Kingdom has already formally accepted Membership.

3. The primary purpose of the Organization is to promote peace and international understanding by helping to restore the cultural and scientific life of Europe, and, at a longer range, by providing an international agency through which nations may interchange personnel and information, reports and studies, concerned with the educational, scientific and cultural life of each other, to their mutual advantage.

4. It is a provision of the Constitution of UNESCO, Article I, para. 3, that "with a view to preserving the independence, integrity and fruitful diversity of the cultural and educational systems of the State Members . . . the Organization is prohibited from intervening in matters which are essentially within domestic jurisdiction".

5. It was similarly made clear by the Canadian Delegates at the Conference, under instruction, that no constitutional or administrative arrangements established by the Organization should have any application to matters of an educational character in Canada, which belong solely to the jurisdiction of the provincial governments. The Articles of the Constitution relating to optional action within each Member State make full allowances for this proviso.

6. In addition to the general responsibility of all Member States to consult and collaborate by means of the Organization, the specific commitments under the Constitution of UNESCO may be summarized as:—

(a) The responsibility of sending a delegation of not more than five members to the General Conference of UNESCO after consultation by the Government with a National Commission, if established, or with educational, scientific and cultural bodies. It would also be necessary to nominate a delegate to the Executive Board on any occasion when Canada was elected to that Board,

(b) The obligation of each Member State to submit UNESCO recommendations or conventions to its competent authorities within one year from the close of the session of the General Conference at which they were adopted.

(c) The responsibility of each Member State to make such arrangements as suit its particular conditions for the purpose of associating its principal bodies interested in educational, scientific and cultural matters with the work of the Organization, preferably by the formation of a National Commission broadly representative of the Government and such bodies. (Article VII).

(d) The obligation of each Member State to report periodically to the Organization on its laws, regulations and statistics relating to educational, scientific and cultural life and on any action taken on the submissions referred to under (b) above.

(e) No direct financial commitment is involved under the Constitution. The General Conference of the Organization is to approve and give financial effect to the Budget and apportionment of financial responsibility among the Member States, subject to arrangements yet to be made with the United Nations Organization.

7. Since the Organization of the Conference of Allied Ministers of Education, and particularly since the November Conference of UNESCO itself, the Government has received and continues to receive a number of communications from organizations and individuals from all parts of Canada (see attached list), urging Canadian participation in this Organization and drawing attention to the benefits that would accrue from such Membership. It would appear also that through such an Organization the Government could have some means, not now available, of dealing with cultural and scientific exchanges with other countries for which there has been increasing need as the international stature of this country has grown during recent years.

#### RECOMMENDATION:

That approval be given to acceptance by Canada of the Constitution of the United Nations Educational, Scientific and Cultural Organization, and to

Canadian participation in the Preparatory Commission of the Organization established by an Instrument signed in London on the 16th day of November, 1945.

8. It is not thought that legislative action is required prior to acceptance. However, if the above recommendation is approved, direction is sought as to whether or not, before a formal submission recommending Canadian acceptance is made to Council, the Constitution should be submitted to Parliament for approval by way of Resolution which is the usual procedure.<sup>1</sup>

N. A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

LIST OF CANADIAN ASSOCIATIONS WHICH HAVE URGED ACTIVE CANADIAN PARTICIPATION IN THE WORK OF THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

The Canada Foundation  
 The Canada and Newfoundland Education Association  
 The Canadian Association for Adult Education  
 Canadian Library Council  
 Canadian Teachers Federation  
 Canadian Committee on Intellectual Cooperation  
 The United Nations Society in Canada  
 Canadian Association of Scientific Workers  
 Canadian Arts Council, Liaison Organization for the following groups:

The Royal Canadian Academy of Arts  
 The Royal Architectural Institute of Canada  
 The Sculptors Society of Canada  
 The Canadian Society of Painters in Water Colour  
 The Canadian Society of Painter-Etchers and Engravers  
 The Canadian Group of Painters  
 The Canadian Society of Graphic Arts  
 The Federation of Canadian Artists  
 The Canadian Authors Association  
 La Société des écrivains canadiens  
 The Music Committee  
 The Canadian Society of Landscape Architects and Town Planners  
 The Dominion Drama Festival  
 The Canadian Handicrafts Guild  
 The Canadian Guild of Potters  
 The Arts and Letters Club

British Columbia Federation for Education and Democracy  
 British Columbia Music Teachers Association  
 Labor Arts Guild of Vancouver

<sup>1</sup> La note suivante était écrite sur ce mémorandum:

<sup>1</sup> The following note was written on the memorandum:

If necessary—better drop for present. If not, O.K. W. L. M[ACKENZIE] K[ING]

University Women's Club, Vancouver  
 Vancouver School Board  
 Toronto Secondary School Masters' Wives Association  
 Vancouver Art Gallery  
 The Soroptimistic Group of Greater Vancouver  
 The Dickens Fellowship, Vancouver  
 The Vancouver Women's Music Group  
 The Vancouver-New Westminster and District Trades & Labour Council  
 Vancouver Labor Council  
 Dock and Shipyard Workers' Union, Vancouver  
 International Jewellery Workers' Union, Local No. 42  
 U.A. Plumbers and Steam-fitters, Local No. 170  
 Amalgamated Association of Street, Electric Railway and Motor Coach  
 Employees, Vancouver  
 Vancouver District Metal and Chemical Workers' Union  
 Hotel and Restaurant Employees' Union, Local No. 28  
 Boiler-Makers and Iron Ship-Builders Union, Local No. 1

610.

W.L.M.K./Vol. 419

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

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

DESPATCH 879

Ottawa, May 20, 1946

Sir,

I have the honour to refer to the meetings of the Committees of the Preparatory Commission of UNESCO called between May 24th and June 29th (UNESCO/Preparatory Commission/Executive Committee/10 March 18, 1946.).

It is hoped that Mr. Hudd<sup>1</sup> may be able to attend some of these meetings and that arrangements may be made for representation at the others. It might be possible, for example, to invite Dr. Malloch of the National Research Council to assist, particularly in connection with the Committee on Natural Sciences, and Mr. Moodie of Canadian Information Service might help with the work of the Committee on Media of Mass Communication.

It is realized, however, that it may be difficult to provide representation for all these meetings and I should be glad to know what arrangements can be made.

The observations that follow indicate the general principles that should govern our attitude towards the organization of UNESCO in its present stage. They are deliberately couched in somewhat cautionary or negative terms, principally as a corrective to what appears to be the present dominant tendency

<sup>1</sup> Le secrétaire par intérim, haut commissariat en Grande-Bretagne.

<sup>1</sup> Acting Secretary, High Commission in Great Britain.

to expansion. It is assumed throughout that the first requisite is that whatever UNESCO undertakes to do, should be done efficiently. Only in this way can it inspire confidence in the judgment and capacity of its Secretariat.

In Canada, apart from a question concerning the purposes of UNESCO no attention has been given to the Constitution of UNESCO in the House of Commons. A very considerable amount of public discussion of the matter, however, has been taking place in the press, and amongst such bodies as the Canadian Arts Council, the Canada-Newfoundland Education Association, and the Canadian Association of Scientific Workers, and on various platforms, while further discussion is planned by other organizations during the next two or three months. The Government has also received a number of letters on the subject.

In general, this discussion and correspondence has been in favour of Canadian membership in UNESCO. But it is clear that the Provincial governments are watching developments closely. They are naturally much concerned with the educational implications of the Organization. It is important, therefore, that we should be kept fully informed of the discussions in the Preparatory Commission, the Executive Committee, and the Sub-Committees, not only that we may be in a position to answer questions submitted in the House of Commons and by letter, but that we may be able to form some judgment of the scope and practicability of UNESCO itself.

With regard to the aims of UNESCO adumbrated in documents already received, we appreciate the potential value of an organization through which the educational, scientific and cultural pursuits of member states can be co-ordinated and their fruits exchanged with mutual benefit. A centre through which the normal activities of nations in these fields might be made more easily accessible would be of great value. It would also serve the purpose, particularly important at this time, of using the resources of more fortunate nations to assist in the intellectual and cultural rehabilitation of communities seriously damaged by war in this respect.

It is possible, however, that in the enthusiasm that the opportunities offered by such an organization engender, desire may outrun performance. Plans, projects and programmes are easier to conceive than to finance and administer, and at this stage in the organization of UNESCO it will be for the advantage of UNESCO itself if a severely practical test be applied at every stage to the proposals raised in the Preparatory Commission.

Until the relationship of this specialized agency with the United Nations has been clearly defined and tested; until UNESCO itself has brought together and trained a staff; and until the capacity of the Organization to provide a reasonable range of essential services is proved; it is our view that the recommendations of the Preparatory Commission should lay the strongest emphasis on efficient organization and strictly limited immediate aims.

For example, such projects as those put forward for an international university, a text book of world history for universal use, and the establishment

of institutes for special purposes urged by the Belgian government, would seem to be premature, not to say too ambitious, for consideration at this time.

The first restraining factor is that of finance. There is a danger that international planning will assume such proportions and call for such large expenditures that there may be a reaction against international responsibilities of all kinds. It is essential that the financial commitments of each specialized agency be viewed in the light of all others. Governments called upon to vote grants to a consolidated United Nations budget, or to a number of individual budgets, will narrowly scrutinize them in the light of what the return will be.

Budgetary considerations, therefore, should be a major factor at every stage of the deliberations of the Preparatory Commission. The aim throughout should be to keep the budget as small as possible without crippling the efficiency of the Organization, and to examine the work projected from the point of view of its actual and predictable value to the Canadian people.

In this connection it is desirable to have defined early in the proceedings and before any large numbers of staff commitments are made the administrative divisions of the Secretariat of UNESCO, and the precise purpose of each. It may be necessary to forego the establishment of some of those indicated until the financial resources of the Organization are settled.

From another point of view, certain functions suggested in the proposed terms of agreement with United Nations appear to overlap with those of the Information Department of the latter Organization. The preparation and distribution of information material may quickly become a costly and elaborate, and not always useful, operation, and UNESCO should be on its guard against entering this field unnecessarily or at points already attended to by other organizations.

A second restraining factor is the shortage of the trained and efficient personnel required for the administration of international organizations. Already demands are being made for staff by the Secretariat of the United Nations which cannot easily be met. In an organization like UNESCO where by its very nature less priority perhaps is given to practical and financial limitations than they must have, plans should be approved only if they can be effectively paid for and worked out.

The first statute of UNESCO, therefore, should be one of limitations for its own good and for its success in gaining support by participating governments.

Another consideration that will be of importance, particularly in this country, is the part the National Commission will play in the development of UNESCO. The Preparatory Commission might well examine in some detail the exact functions of these bodies, and their relationship with governments, and with UNESCO. While the ultimate decision on these points rests with the governments, it will be useful to have the views of other governments on this point. For Canada such a body would be without precedent, and its composition and functions are as yet not clearly perceived.

As a guiding principle, UNESCO may be regarded primarily as an organization to facilitate operations already under way in the educational, scientific and cultural field, or operations which governments and other bodies are now contemplating. The interchange of students, the diffusion of scientific and other knowledge, the development of art exhibitions and cultural exchange of all sorts, are all aspects of normal national life. Without embarking on any extensive new projects UNESCO could further such activities in many ways and in so doing discover the techniques of international co-operation in the intellectual and cultural field, on which it may build later.

I have etc.

H. H. WRONG  
for the Acting Secretary of State  
for External Affairs

611.

DEA/5582-A-40

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

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

TELEGRAM 1504

London, July 6, 1946

My despatch No. A. 486 of June 19th, UNESCO Constitution.

In the opening address at today's meeting of the P.C.,<sup>1</sup> Ellen Wilkinson<sup>2</sup> announced that 15 countries, including Brazil, China, Dominican Republic, France and Iran, have now accepted the UNESCO Constitution. She also urged that other member Governments should give very serious consideration to the possibility of taking this step at an early date. Please advise whether you can report any progress on this as far as Canada is concerned.

2. Huxley's report added little to what is already known. It is apparent, however, that the UNESCO Secretariat are in favour of a scheme of wide decentralization of UNESCO mainly through United Nations regional offices. As this will be the subject of discussion next week, I should be grateful if you would inform me whether you approve of the principle and, if so, to what extent you think it should be put into practice.

3. The draft Agreement between UNESCO and the United Nations, as signed in New York by Mudaliar and Seydoux, received unanimous approval, although, of course, it has still to be presented to the General Assembly in September and subsequently to the November UNESCO Conference in Paris.

4. I hope on Monday to take the opportunity of expressing the Canadian attitude to the general question of UNESCO policy as outlined in your recent despatches.

<sup>1</sup> Preparatory Commission.

<sup>2</sup> Présidente de la commission préparatoire de l'UNESCO.

<sup>3</sup> President of the Preparatory Commission of UNESCO.

612.

DEA/5582-A-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] July 8, 1946

ACCEPTANCE BY THE GOVERNMENT OF CANADA OF THE CONSTITUTION  
OF THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC  
AND CULTURAL ORGANIZATION

1. Under authority of Order-in-Council P.C. 6634 delegates from Canada attended the United Nations Educational and Cultural Conference in London in November last, when a Final Act, a Constitution, and an Instrument Establishing a Preparatory Commission, were drafted for a specialized agency of the United Nations to be known as the United Nations Educational, Scientific and Cultural Organization (UNESCO).

2. These documents were tabled in the House of Commons at the opening of the present Session. The Constitution was agreed upon by the 42 nations at the Conference. Rt. Hon. Vincent Massey signed this document for Canada.

3. UNESCO will come into being when the acceptances of 20 countries have been received. Fifteen nations including the other countries of the Commonwealth, have now accepted.

4. It has previously been recommended that a Resolution recommending acceptance of the UNESCO Constitution be submitted to the House during the present Session.

It is now understood that pressure of other Parliamentary business may make it desirable to defer the introduction of the UNESCO Resolution.

In favour of deferment it may reasonably be maintained that it is not absolutely essential to Canada's continued, if limited, participation in UNESCO activities to have the Resolution submitted in the House at this Session.

On the other hand, there are a number of arguments to favour acceptance at this Session:

(a) Repeated requests from UNESCO itself and from the United Kingdom Government that Canada should accept the UNESCO Constitution at the earliest opportunity.

(b) The General Conference of UNESCO is to meet in Paris on November 4th. It is assumed that 20 acceptances will have been received by that time and the Organization may formally come into existence. If Canada has not accepted the Constitution by that time she will not be a Member. The Legal Division of the Department is of the opinion that, in this case, Canada cannot attend the General Conference as of right. However, it is possible, even likely, that arrangements could be made to permit Canadian delegates to attend the Conference as non-voting observers.

(c) The pressure of a formidable number of organizations in Canada which have urged the Government to accept the UNESCO Constitution without delay.

R[OBERTSON]

613.

DEA/5582-A-40

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

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

TELEGRAM 1281

Ottawa, July 9, 1946

Your 1504 of July 6th—UNESCO Constitution.

1. Your para. 1. Due to pressure of Parliamentary business, it is not certain that Government will be able to effect acceptance of UNESCO Constitution at this Session.

2. There is no objection to the plan to establish regional UNESCO offices if these offices are restricted in number and function to practical essential requirements. Strong opposition should be asserted to any attempt to establish regional offices for purely political purposes of prestige, etc.

We should strongly support Article XII of the Draft Agreement between UNESCO and the United Nations providing that, so far as practicable, UNESCO regional offices be closely associated with such regional offices as the United Nations may establish.

We are seeking advice as to what regional offices the United Nations may plan to establish.

614.

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

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

TELEGRAM 1561

London, July 13, 1946

The largest single item on the agenda for the UNESCO Preparatory Commission was the discussion of the report on the work of the Programme Committees and further proposals of delegations, to which three days had been allocated. The first day and a half, however, was taken up with the question of general principles as enunciated by various countries, and little real progress was made. It was obvious that there was widespread support for some system of priorities, the necessity of which had previously been pointed out by the Canadian Delegation in my statement concerning the attitude of Canada towards UNESCO. To direct the discussion back to the subject of the above report, therefore, the Canadian Delegation suggested the following priorities:

(a) First—projects designed to advance the reconstruction and rehabilitation of the educational systems devastated by the war (b) Second—projects already under way or contemplated by governments and other bodies, which UNESCO might facilitate (c) Third—projects of immediate importance which UNESCO is not yet equipped to undertake but which it could bring to the attention of member governments or private institutions for their action in cooperation with UNESCO (d) Fourth—projects for which UNESCO itself may wish to assume full financial and administrative responsibility, the majority of these being set aside for the present and placed in the lowest category.

2. It was suggested at the same time that the meeting might proceed to discuss, either singly or by groups, the items put forward by the Secretariat in the light of the deliberations of the Programme Committees. This apparently induced the Commission to begin its examination of the report and proposals were individually graded in the following order of importance:—(a) First—those on which the Secretariat is authorized to begin preliminary work prior to November, 1946. It is understood that these projects have immediate urgency, but that work on them before November, 1946, does not necessarily constitute a permanent UNESCO commitment after that date. All projects are to be reviewed by the General Conference in November (b) Second—those to be placed before the November Conference as desirable for action during the first year of permanent UNESCO (c) Third—those to be placed before the November Conference with recommendation for their development in the second or later years of the existence of permanent UNESCO as seems desirable and feasible in the light of developing conditions.

3. Proposals involving assistance to war-devastated countries were automatically given the highest priority.

4. From the foregoing you will observe that the projects suggested by the Secretariat as a result of the deliberations of the Programme Committees have been virtually rubber-stamped and referred to the November Conference which will have to make the final selection as to the importance and timing of the various operations which might be undertaken by UNESCO.

615.

DEA/5582-A-40

*Mémoire du sous-secrétaire d'État par intérim aux Affaires extérieures  
au ministre de la Santé nationale et du Bien-être social*

*Memorandum from Acting Under-Secretary of State for External Affairs  
to Minister of National Health and Welfare*

[Ottawa,] July 19, 1946

ACCEPTANCE OF UNESCO CONSTITUTION BY GOVERNMENT OF CANADA

In November, 1945, an Educational and Cultural Conference in Paris drafted a Constitution for a United Nations Educational, Scientific and Cultural Organization. Mr. Massey signed this draft Constitution for Canada.

The UNESCO Constitution was tabled in Parliament at the beginning of the present Session. A copy of Treaty Series 1945, No. 18, containing the UNESCO Constitution is attached.†

The Constitution provides that the Organization shall come into being when the Acceptances of twenty member states shall have been received. Sixteen nations, including all other countries of the Commonwealth, have now accepted. A partial list of the countries that have accepted is attached.

The Canadian Government has received recommendations from the Governments of France and the United Kingdom and from the Preparatory Commission of UNESCO urging that Canada should accept the UNESCO Constitution at the earliest opportunity.

The pressure from organizations and individuals in Canada for speedy acceptance of the Constitution has become quite formidable. A list of societies that have urged full Canadian participation in UNESCO is attached. In addition to considerable news coverage, there have been some thirty or forty editorials in newspapers from all parts of Canada recommending Canadian participation. I am informed that the Toronto *Globe and Mail* intends to devote a full page to the subject sometime this month. A number of members of Parliament have expressed their interest in and sought information about UNESCO. The Provincial Ministers of Education have informed us that the Canada and Newfoundland Education Association will represent their views in regard to UNESCO. This Association has strongly urged acceptance of the Constitution.

In November, the General Conference of UNESCO will meet. It is almost certain that the required twenty acceptances will have been received by that time and the Organization can officially come into existence. If Canada has not accepted by that time she will not be able to attend the Conference as a voting member.<sup>1</sup>

H. W[rong]

[PIÈCE JOINTE 1 / ENCLOSURE 1]

LIST OF COUNTRIES THAT HAVE ACCEPTED UNESCO CONSTITUTION

U.S.A.	China
France	Brazil
United Kingdom	Mexico
Australia	Denmark
South Africa	Iran
New Zealand	Dominican Republic
India	

(Sixteen countries in all have now accepted. We are not at present informed of the identity of the three countries not mentioned in this list.)

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

Given to Miss Walls, P.C. office to be handed to Mr. Claxton when he comes to Council at 12.

<sup>1</sup>The following note was written on the memorandum:

## [PIÈCE JOINTE 2 / ENCLOSURE 2]

## LIST OF CANADIAN ASSOCIATIONS WHICH HAVE URGED ACTIVE CANADIAN PARTICIPATION IN THE WORK OF THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

The Canada Foundation  
 The Canada and Newfoundland Education Association  
 The Canadian Association for Adult Education  
 Canadian Library Council  
 Canadian Teachers' Federation  
 Canadian Committee on Intellectual Cooperation  
 The United Nations Society in Canada  
 Canadian Association of Scientific Workers  
 Canadian Arts Council, Liaison Organization for the following groups:

- The Royal Canadian Academy of Arts
- The Royal Architectural Institute of Canada
- The Sculptors Society of Canada
- The Canadian Society of Painters in Water Colour
- The Canadian Society of Painter-Etchers and Engravers
- The Canadian Group of Painters
- The Canadian Society of Graphic Arts
- The Federation of Canadian Artists
- The Canadian Authors Association
- La Société des écrivains canadiens
- The Music Committee
- The Canadian Society of Landscape Architects and Town-Planners
- The Dominion Drama Festival
- The Canadian Handicrafts Guild
- The Canadian Guild of Potters
- The Arts and Letters Club

British Columbia Federation for Education and Democracy  
 British Columbia Music Teachers Association  
 Labor Arts Guild of Vancouver  
 University Women's Club, Vancouver  
 Vancouver School Board  
 Toronto Secondary School Masters' Wives Association  
 Vancouver Art Gallery  
 The Soroptimistic Group of Greater Vancouver  
 The Dickens Fellowship, Vancouver  
 The Vancouver Women's Music Group  
 The Vancouver-New Westminster and District Trade & Labour Council  
 Vancouver Labor Council  
 Dock and Shipyard Workers' Union, Vancouver  
 International Jewellery Workers' Union, Local No. 42  
 U.A. Plumbers and Steam-fitters, Local No. 170  
 Amalgamated Association of Street, Electric Railway and Motor Coach Employees, Vancouver  
 Vancouver District Metal and Chemical Workers' Union  
 Hotel and Restaurant Employees' Union, Local No. 28

Boiler-Makers and Iron Ship-Builders Union, Local No. 1  
 The Canadian Council of Professional Engineers and Scientists, which is a  
 Council of the Presidents of the undermentioned:

Agricultural Institute of Canada  
 American Institute of Electrical Engineers, Canadian Section  
 Canadian Assn. of Professional Physicists  
 Canadian Institute of Mining and Metallurgy  
 Canadian Institute of Surveying  
 Canadian Society of Forest Engineers  
 The Chemical Institute of Canada  
 Dominion Council of Federated Professional Employees  
 Dominion Council of Professional Engineers  
 Institute of Radio Engineers  
 Royal Architectural Institute of Canada.  
 Canadian Psychological Association  
 Fédération nationale St-Jean-Baptiste  
 The National Council of Canadian Universities  
 Ontario Teachers Federation  
 The Canadian Federation of Home and School  
 Saskatchewan Teachers' Federation  
 New Brunswick Teachers' Association

616.

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

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

DESPATCH 1324

Ottawa, August 3, 1946

Sir,

I should like to refer to my Despatch No. 942 of May 28† acknowledging your Despatch No. A.411 of May 18† transmitting an invitation from the Deputy Executive Secretary of UNESCO to the Government of Canada to join in the UNESCO Month celebrations being held in Paris in connection with the First General Conference of the United Nations Educational, Scientific and Cultural Organization.

The Deputy Executive Secretary should now be informed that the Government of Canada will be glad to take part in such a program and that further details regarding the form of Canadian participation will be transmitted as soon as possible.

For your own information you might like to note that the extent of our participation will largely be determined by whether or not the UNESCO Constitution has been ratified by the Canadian Parliament. A resolution seeking the approval of Parliament has been placed on the Order Paper and it is possible that it may be introduced by the Acting Secretary of State for External Affairs some time next week, in which case approval might be secured by

the end of the present Session. The House timetable is so crowded however that discussion of the resolution cannot be considered as certain. I shall be glad to advise you further as soon as any information is available on these matters.

I have etc.

H. H. WRONG  
for the Acting Secretary of State  
for External Affairs

617.

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

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

TELEGRAM 1441

Ottawa, August 7, 1946

Yesterday the House of Commons, without recorded vote, approved resolution for Canadian Membership in U.N.E.S.C.O. Similar action expected by the Senate shortly.

618.

DEA/5582-H-40

*Le secrétaire d'État par intérim aux Affaires extérieures au  
secrétaire-trésorier, l'Association canadienne de l'Éducation*

*Acting Secretary of State for External Affairs to Secretary-Treasurer,  
Canadian Education Association*

Ottawa, August 30, 1946

Dear Sir,

I am writing to acknowledge the receipt of your letter of August 24,† in which you describe the interest of the Canadian Education Association in the work of the United Nations Educational, Scientific and Cultural Organization, and refer to the provisions of the Constitution of that body which relate to the establishment of a National Commission and consultation with educational, scientific and cultural bodies.

Since the passage of the resolution adopted by both Houses of Parliament recommending the participation of Canada in UNESCO there has not been time for the development of plans by the Government for the establishment of a National Commission and for the method of selecting the Canadian delegates to the first Conference of UNESCO. These matters are now under active consideration and I can assure you that it is the intention of the Government to consult the Canadian Education Association before a final decision is reached.

The principal fields of activity in which UNESCO will begin its operations cannot be determined until after the first General Conference has met, at which time we should be in a better position to determine the most desirable composition of a Canadian National Commission. This will require further study, as it will not be an easy task to establish such a body in a form which will satisfy all Canadian organizations which are active in the very wide range of activities included within the scope of UNESCO. As an interim measure, it may therefore prove to be the best course for an ad hoc committee to be established with which the Government could consult on the selection of the representatives to the first General Conference of UNESCO. Such a committee might also be of assistance in making suggestions to the Government on the composition and organization of a Canadian National Commission when the time comes to establish this body on a regular basis. The Canadian Education Association will be consulted in any event.

I think it would be helpful if you were to let me know the name of the person whom the Directors of the Canadian Education Association have selected as suitable to act as a representative at the General Conference of UNESCO.

Yours sincerely,

LOUIS S. ST. LAURENT

619.

DEA/5582-F-40

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures  
à la direction de l'information<sup>1</sup>*

*Memorandum from Associate Under-Secretary of State for External Affairs  
to Information Division<sup>1</sup>*

[Ottawa,] September 20, 1946

I have not had time to study closely the report of the UNESCO Budgetary Committee but a cursory examination causes a good deal of alarm at the size of the expenditure contemplated. I think that the report should be sent to the Department of Finance. I am quite sure that we should have some difficulty in getting approval for a Canadian contribution of this size.

The question of the scale of contributions will, of course, come up but there is nothing much we can do about it until after the General Assembly. I believe we should not concur in any scale which assesses us at one-sixth or one-seventh of the U.S. contribution. The areas in which a reduction of estimates seems to be needed at the present time are: to some degree in the provision of personnel, but particularly under the headings of "Studies

<sup>1</sup> À L. A. D. Stephens

<sup>1</sup> To L. A. D. Stephens

and Surveys”, “Publication and Production”, “Grants-in-Aid and Awards” and “Consultation and Field Services”. I observe that a line has been drawn through the classification of projects, implying, I suppose, that it is subject to considerable revision. I do not feel that it is essential at the first conference to go in for such questions as “Creation of a Foundation for Writers”, “Establishment of Scholarships for Poets”, “Prize for Children’s Books”, “Publication of Abstracts of Museo-graphical Publications” and a good many more plans of this nature.

These comments are not inspired by hostility to UNESCO itself but by a strong feeling that it will go further if it starts more slowly and builds up support for its activities by doing fewer selected jobs of considerable popular appeal and of utility to governments before it branches out into more exotic fields. I am afraid it will commit hari-kari if it begins on this scale and plan. A secretariat half the size, and a list of projects  $\frac{1}{4}$  as long would be much wiser.

H. W[RONG]

620.

DEA/5582-M-40

*Mémoire du sous-secrétaire d’État associé aux Affaires extérieures  
au secrétaire d’État aux Affaires extérieures*

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

[Ottawa,] September 24, 1946

Less than two months will elapse before the first general Conference of UNESCO opens in Paris and we must push on with the preparations without delay. I attach a memorandum which, if you approve, might be circulated to members of the Cabinet on the steps which it seems necessary to take immediately. If you will let me know whether the proposals in this memorandum are acceptable, I shall institute whatever further steps are required.

I am afraid that we are going to have a good many headaches over our relationship with UNESCO, partly because its field of operations is very broad and interests large numbers of people outside governmental circles and partly because the plans, which are being developed by the interim secretariat of UNESCO and various preparatory committees, seem to me to contain a good deal of gas.

You may remember that you signed, last month, a letter addressed to the Canadian Education Association, in the course of which it was stated that consideration was being given to the appointment of an interim advisory board to consult with the government before the Conference took place. The list of names attached to the enclosure represents a departmental effort to establish a body of reasonable size which is, at the same time, fairly representative. It occurs to me that it might be desirable to add Mr. Vincent

Massey to this list and perhaps to ask him to act as Chairman,<sup>1</sup> but I thought it better to put this to you rather than to include the suggestion in the draft memorandum for Cabinet.

As I expect that there will be complaint over whatever course is adopted, it has seemed to me that Cabinet should take the decision even on the establishment of a short-lived interim body.

H. W[RONG]

[PIÈCE JOINTE/ENCLOSURE]

*Projet de mémorandum du ministère des Affaires extérieures au Cabinet*

*Draft Memorandum from Department of External Affairs to Cabinet*

[Ottawa,] September 24, 1946

PROPOSED INFORMAL COMMITTEE ON UNESCO

The Canadian ratification of the Constitution of UNESCO has now been deposited in London and the first General Conference will open in Paris on November 19th. Some interdepartmental preparations for this Conference are now in progress but under the Constitution Member States are required to establish and maintain contact with non-official bodies in their countries which are concerned with educational, scientific and cultural questions. This obligation relates both to the appointment of the delegation and to consultation on matters arising in the operations of UNESCO.

2. Under Article IV of the UNESCO Constitution, Canada is obligated to appoint a delegation to this Conference "after consultation with the National Commission, if established, or with educational, scientific and cultural bodies". As a National Commission of UNESCO has not yet been established in Canada, it is necessary to find some other means of consultation with representative organizations in Canada with a view to appointment of a Canadian delegation to the November Conference.

3. A closely allied problem is raised by Article VII of the UNESCO Constitution:

(i) Each Member State shall make such arrangements as suit its particular conditions for the purpose of associating its principal bodies interested in educational, scientific and cultural matters with the work of the Organization, preferably by the formation of a National Commission broadly representative of the Government and such bodies.

(ii) National Commissions or national co-operating bodies, where they exist, shall act in an advisory capacity to their respective delegations to the General Conference and to their Governments in matters relating to the Organization and shall function as agencies of liaison in all matters of interest to it.

In the second clause the words "shall act in an advisory capacity to their respective delegations" are intended to mean, not that the National Com-

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

missions or other bodies should go to the General Conference as advisers to the delegation on the spot, but that they should be consulted in the course of preparations for the General Conference and should be kept informed of what is going on.

4. The appointment of a Canadian National Commission presents great difficulties and the appointment of any body of reasonable size (say 20 or 25 in all) is likely to give rise to complaint that various interests have been overlooked. So far as is known at the moment, the only country which has as yet appointed a National Commission is the United States, which has established by statute a Commission of 100 members, with a smaller steering group. It has been learned informally that the Australian and New Zealand Government do not contemplate taking steps for the present to set up National Commissions, and that probably Australia will not establish such a Commission at all. No information has yet been received on what is being done in the United Kingdom or in other countries. There has not been time to develop plans for a National Commission since Canadian participation in UNESCO was approved by Parliament last month. Furthermore, the chief activities which UNESCO will undertake at the beginning will not be known until after the first General Conference, at which there is likely to be considerable difference of opinion on the range of activities and order of priorities. It seems wise, therefore, to postpone any decision on the form of domestic organization until after the Conference.

5. Especially because the field of potential operations of UNESCO is very wide and will touch in Canada on matters within the competence of Provincial Governments as well as on activities of the Federal Government and of many non-official organizations, it is important that Canada should be represented by a competent delegation, the membership of which should be acceptable to public opinion. It is also necessary, if we are to abide by the terms of the Constitution, that non-official agencies should be consulted as soon as possible.

6. The recommendation is, therefore, made that a temporary advisory committee of mixed official and non-official composition should be established at once. The terms of reference of this Committee might be:

(i) To make recommendations on the composition of the Canadian delegation to the General Conference of UNESCO in November, and

(ii) To make recommendations on the means whereby the principal Canadian bodies interested in educational, scientific and cultural matters may best be associated with the work of the Organization, by the formation of a Canadian National Commission or by other means.

7. A list of suggested members for this interim committee is attached hereto. If this recommendation is accepted, the committee should be summoned as soon as possible. Non-official members resident outside Ottawa should presumably be paid their expenses of attendance. A session of two or three days in length might suffice.

## [PIÈCE JOINTE/ENCLOSURE]

## AD HOC COMMITTEE TO ADVISE GOVERNMENT ON UNESCO MATTERS

- Dr. J. E. Robbins—Education Branch, Dominion Bureau of Statistics.  
(Adviser to UNESCO delegation, November 1945)
- Charles E. Phillips—Secretary, Canadian Education Association (This Association is authorized to represent provincial Departments of Education)
- Senator L. M. Gouin<sup>1</sup>
- Dr. C. N. Crutchfield—Secretary, Canadian Teachers' Federation
- Dr. R. C. Wallace—Principal, Queen's University (Member of UNESCO delegation, November 1945)
- Dr. Marius Barbeau—National Museum of Canada
- Mr. H. O. McCurry—Director, National Gallery of Canada
- Dr. C. J. Mackenzie (or nominee)—President, National Research Council.
- Edmond Turcotte—Editor, recently Director of Public Relations of UNESCO Preparatory Commission (Member of UNESCO delegation, November 1945)
- Herman Voaden (or nominee)—President, Canadian Arts Council (The Arts Council represents 16 federated national artists organizations.)
- Miss Margaret Gill—Secretary, Canadian Library Association
- Walter B. Herbert—Director, The Canada Foundation
- G. C. Andrew—Director, Canadian Information Service
- 1 or 2 representatives—Department of External Affairs.

621.

DEA/5582-H-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au directeur, l'Université Queen's*

*Acting Under-Secretary of State for External Affairs  
to Principal, Queen's University*

Ottawa, September 30, 1946

Dear Mr. Wallace,

Consideration is being given to the early appointment of the Canadian delegation to the first General Conference of the United Nations Educational, Scientific and Cultural Organization (UNESCO) which is to be held in Paris commencing on the 19th of November, 1946. In accordance with the UNESCO Constitution, which has been accepted by the Canadian Government, each State is to appoint its delegates "after consultation with the National Commission, if established, or with educational, scientific and cultural bodies."

In view of the fact that no National Commission for Canada has been established, the Canadian Government has decided to invite a representa-

<sup>1</sup> Le nom du sénateur Gouin fut rayé et fut remplacé par le nom de Paul Émile Côté, un député fédéral. Cette suggestion n'a pas été acceptée.

<sup>1</sup> The name of Senator Gouin was crossed out and replaced by the name of Paul Émile Côté, a Member of Parliament. This suggestion was not accepted.

tive group to serve as a temporary advisory body and would be pleased if you are able to serve as a member of this committee.

The main functions of this committee are:

(a) To advise the Government on the composition of the Canadian delegation to the General Conference, and,

(b) To make recommendations on the means whereby the principal Canadian bodies interested in educational, scientific and cultural matters may best be associated with the work of the Organization, by the formation of a Canadian National Commission or by other means.

It is felt that the work of this committee might be completed in two days, and that, in view of the necessity for early action, the committee should meet in Ottawa on Monday, the 7th of October, 1946. It is intended that the first meeting will take place in Room 268, House of Commons at 10:30 a.m.

It would be appreciated if you could inform Mr. L. A. D. Stephens, Department of External Affairs, Ottawa, as soon as possible by telegram or telephone (telephone 9-5317) whether you are able to serve on this committee.

In the hope that you can accept, and in order to give you some additional information concerning UNESCO, I am enclosing copy of a Progress Report† which has been prepared by the UNESCO Secretariat, and a copy of the Final Act of the Conference for the Establishment of UNESCO.† I also attach a list of those who are being invited to serve on the committee.

The Government will meet your travelling expenses and cost of accommodation while in Ottawa. The Department will arrange to obtain the necessary accommodation for you when advice of acceptance is received.<sup>1</sup>

[PIÈCE JOINTE/ENCLOSURE]

AD HOC COMMITTEE TO DISCUSS DELEGATION TO  
UNESCO GENERAL CONFERENCE, NOVEMBER 19TH

Dr. J. E. Robbins—Education Branch, Dominion Bureau of Statistics  
Senator L. M. Gouin  
Charles E. Phillips—Secretary, Canadian Education Association  
Dr. C. N. Crutchfield—Secretary, Canadian Teachers' Federation  
Marius Barbeau—National Museum of Canada.  
Edmond Turcotte—Editor "Le Canada"  
H. O. McCurry—Director, National Gallery  
Miss Margaret Gill—Canadian Library Association  
Dr. J. G. Malloch—National Research Council  
Herman Voaden—President, Canadian Arts Council

<sup>1</sup> La copie de cette lettre dans les dossiers du ministère n'est pas signée. Les initiales de M. St. Laurent y sont apposées, mais ceci indique seulement qu'il a approuvé le texte.

<sup>1</sup> The copy of this letter in the departmental files is not signed. The copy is initialled by Mr. St. Laurent but this only indicates that he approved the text.

Walter Herbert—Director, Canada Foundation  
 Dr. R. C. Wallace, Principal, Queen's University.  
 G. C. Andrew, Director, Canadian Information Service  
 Dr. H. A. Innis—President, Royal Society of Canada  
 Dr. Augustin Frigon—General Manager, Canadian Broadcasting Corporation.  
 Ross McLean—Acting Commissioner, National Film Board  
 Ernest A. Côté—Department of External Affairs  
 L. A. D. Stephens—Department of External Affairs.

622.

DEA/5582-F-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
 au sous-ministre des Finances*

*Acting Under-Secretary of State for External Affairs  
 to Deputy Minister of Finance*

Ottawa, October 3, 1946

I enclose copy of despatch No. A.766 of September 11th,† from the Acting Canadian High Commissioner in the United Kingdom enclosing a copy of a Report of the Budget Committee† on the proposed Provisional Budget of UNESCO submitted at a meeting of the Executive Committee of the UNESCO Preparatory Commission.

You will note that the total of the proposed budget amounts to \$7,565,000. and that the Canadian contribution would be 4.807% or 4.362% of the total.

After you have had an opportunity to examine the attached documents, I should be obliged for your opinion on the proposed budget and the share of it which Canada is asked to bear. It would be appreciated if this could receive your early attention as it will be necessary in the near future to draw up instructions for the Canadian delegation to the UNESCO General Conference in November.

H. H. WRONG

623.

DEA/5582-H-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
 au secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] October 19, 1946

## CANADIAN DELEGATION TO THE UNESCO GENERAL ASSEMBLY

After a good deal of consideration and discussion with those concerned, I suggest that the following delegation might be sent to the UNESCO General Conference in Paris, opening on November 19th. The names recommended

below are taken from the panel of 18, submitted by the Temporary Committee called together on October 7th and 8th to advise the Government on UNESCO matters:

*Delegates*

Chairman—Mr. Doré, if he goes to Brussels,  
otherwise General Vanier.  
Dr. G. Fred McNally  
Mr. Herman Voaden  
Mr. Edmond Turcotte  
Dr. Floyd Willoughby

*Alternates*

Miss Elizabeth W. Wood  
Miss Margaret S. Gill  
Dr. Larmour

*Advisers*

Mr. Paul Beaulieu, Second Secretary, Canadian Embassy, Paris.  
Mr. L. A. D. Stephens, Department of External Affairs.

(Stephens is the official of this Department who has done most of the preparatory work for this Conference and is the natural choice for Secretaryship of the Delegation, if he can be spared from the Department. I think myself we should let him go, as he would be a most useful member and it would be good experience for him as an officer of the Department.)

The delegation mentioned above is smaller in number than that submitted in my memorandum to you of October 15th.† We have omitted Dr. Bruchési, as it was considered undesirable to send Members of Parliament or Provincial officials. We have made Dr. Willoughby a delegate and Dr. Larmour an Alternate, and have omitted Dr. J. E. Robbins from the list of advisers. Therefore, instead of the 12 on our original list, we now have 10 only. I think that this is possibly the minimum which we should send to Paris. Comments on the above list are attached.†

If you could possibly wire me Monday that the above names are acceptable, I would then have an Order in Council drafted. The matter is urgent as the delegation should sail within three weeks.

624.

DEA/5582-F-40

*Le sous-ministre des Finances au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Finance to Under-Secretary of State  
for External Affairs*

Ottawa, October 23, 1946

Dear Sir,

I am writing in reference to Mr. Wrong's letter of October 3rd, enclosing despatch No. A.766 from Canada House, regarding the budget of UNESCO,

and the further letter of October 8th† from your Department enclosing a copy of that budget. Mr. Pollock of this Department has had several conversations on this matter with Mr. Stephens of your Department, and yesterday Mr. Bryce discussed it with Mr. Stephens and Mr. Edmond Turcotte, who was on the Canadian delegation to UNESCO and has served for a time on the staff of UNESCO in charge of publicity work. We have had the benefit of seeing Mr. Turcotte's memorandum† on the Secretariat and its plans, and the Report of the Drafting Committee of Preparatory Commission (Document 58 of July 12, 1946). We have not, however, any other information or reports on UNESCO and its work and purposes, and, in particular, no confidential appraisals by your Department of its real value, functions and problems. In the absence of careful appraisals of this kind by those more directly in touch with the subject, it is difficult to form a proper judgment of what budget is really required and justified in present circumstances. However, it is necessary to deal with the matter now as best we can for the guidance of those who will represent Canada at the meeting in November.

In general, I feel that it is very difficult to justify a budget of \$7,565,000 this year for UNESCO to use for the various types of work and projects set forth in Document 58, which, so far as I know, gives the only description of the real purposes for which the money will be used. Many of these projects are no doubt worthy ones in themselves. Some of them would, I think be appropriate for action by individual Governments; others would appear to me to be more appropriate for action by private philanthropic organizations or by non-governmental international organizations of those primarily interested. Some of them, I believe, would be appropriate projects for UNESCO to carry out in later years when personnel and expenditures are not so urgently required for other more immediate international purposes. How far irrevocable decisions have been taken in regard to the nature of the programs and purposes to which UNESCO is going to devote its main efforts, I do not know. If, however, the consideration of the budget is to have any real significance, it would not seem too late to raise the important question of just what purposes the funds and efforts of UNESCO will be directed toward during the next year or two. In my view, these efforts should be concentrated in 1947 upon assisting in the urgent task of rehabilitating and re-establishing educational and scientific life in the devastated areas and creating the essential skeleton of organization for dealing later with the less immediate and urgent problems which merit international action through an agency of this kind.<sup>1</sup> From what documents have been made available to this Department and the discussions with Mr. Stephens and Mr. Turcotte, it does not appear that this

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<sup>1</sup>Note marginale:

Plan to raise \$100,000,000 approved by rec[onstruction and] rehab[ilitation] committee at Gen[eral] Conf[erence] of UNESCO Nov[ember] 25/46—not to be part of UNESCO budget. T. W. L. M[ACDERMOT]

<sup>1</sup>Marginal note:

concentration of effort on urgent tasks and the creation of the minimum necessary organization are likely to take place unless a strong effort is made at this Conference to accomplish that objective.

It would, therefore, be appropriate from the point of view of this Department to request the Canadian delegation to the Conference to press strongly for the concentration of the efforts and activities of UNESCO in 1947 on urgent immediate problems, such as those involved in assisting in the rehabilitation and restoration of education and science in the devastated areas. They should also, I think, press for deferment of work on most of the projects listed in Document 58, even under Resolutions No. 1 and No. 2. From the very brief description of these projects that is given, it is difficult, if not impossible, to regard most of them as at all urgent in face of the present problems facing the world in international affairs, and particularly in the countries that have suffered severely from the war. On our own side, we have very heavy financial demands in connection with international organizations, as well as in connection with action which Canada itself is taking in the international sphere, for example, in making available credits to other countries. Under these circumstances, we feel that any expenditure on international organizations can only be justified if it produces important immediate results, or if it is absolutely essential to create the nucleus of an organization at the present time that will be of real importance in the long run.

It is impossible for us under these circumstances to attempt to say just what figure would be appropriate for the budget of UNESCO for 1947. It would certainly seem likely to be substantially below the figure of \$7,565,000 recommended by the Budgetary Committee, unless at the Conference it is considered possible and necessary to do much more work in the field of relief and rehabilitation in respect of education and scientific and cultural life in the devastated areas. I note that the delegate from Czechoslovakia suggested that a figure of \$5,000,000 should be the maximum budget for 1947 and apparently got some support, though not enough to carry his point. I gather that the American delegation at this Conference is apt to press for at least the budget that has been recommended, and possibly a higher one.

In regard to the formula for apportioning the costs among various countries, I think the scale that is decided upon for the United Nations should be the basis for use in UNESCO itself, with one qualification. In the case of the United Nations it may be decided that it is important not to have the United States contribute more than a certain specified percentage, because that might be considered as helping to give the United States a disproportionate influence in the organization. I doubt if the same danger exists in the case of UNESCO, and therefore contributions could be based on the United Nations formula of ability to pay, without the qualification of a ceiling. However, it would probably be best to reserve our position on this division of the budget costs among countries until we see what is happening on this subject in the United Nations Assembly discussions.

We would expect the Canadian delegation to UNESCO to press for and to do their best to exercise a careful control over the details of the budget of the organization as well as over its general magnitude and nature, to which I have addressed my remarks above. It will be difficult to provide any sort of budgetary or fiscal expert from Canada for this purpose at the UNESCO Conference. It seems to me that UNESCO is a case where it would be particularly valuable to have the budget reviewed in the appropriate portion of the United Nations organization to ensure that the scales of salaries, etc., are appropriate, that proper financial control is being exercised, and that there is no undesirable duplication of activities between this and other international organizations.

I think our delegation should also be aware of the budgetary and financial implications in the selection of the senior officials of UNESCO. This organization in particular, I believe, will be a difficult one in which to combine idealism and imagination, on the one hand, with practicality and good judgment, on the other. If possible, the Director General should be, as Mr. Turcotte suggests, a man of high personal attainments, who is both a man of vision and imagination and also a sound administrator. It may be difficult to find one man possessing a balance of the qualities desirable, but at least the group of men at the top, taken together, should have the proper balance of these virtues. They should be the kind of men, I think, who will ensure that UNESCO confines its activities to projects and programs where it can really accomplish something and not dissipate its funds and efforts in ill-considered and ineffective projects of a worthy but impractical nature.

I noted in Mr. Turcotte's report that he draws a distinction between the "loose constructionists", who wish to bring in all sorts of projects and purposes under UNESCO, and the "strict constructionists", who wish to confine its activities to what can and should be properly done by an organization of this kind within its constitution. Mr. Turcotte himself believes a "strict construction" is the wiser course, and I would certainly think that the Canadian delegation as a whole should be asked to take that view, particularly at this time.

I realize it may be difficult to have the Canadian delegation carry at the Conference the points and policies outlined above. However, it seems to me that the instructions to the Canadian delegation should be definite and clear-cut on these points, so that we can make quite clear to our own Parliament, who may criticize the UNESCO program and expenditures, the views held and advanced by the Canadian delegation.

Yours very truly,

W. C. CLARK

625.

DEA-FAH/8-1-1946/1A

*Extraits du Commentaire à l'usage de la délégation à la première session de la conférence général de l'UNESCO<sup>1</sup>*

*Extracts from the Commentary for the Use of the Delegation to the First Session of the General Conference of UNESCO<sup>1</sup>*

CHAPTER 1

SECTION 1

DISCUSSION OF GENERAL POLICY

1. The Government of Canada attaches great importance to the successful accomplishment of the formidable tasks which UNESCO has undertaken. The Government considers that UNESCO is potentially one of the most valuable agencies to be established by the United Nations.

2. Precisely because of this earnest desire for UNESCO's success, the Government is deeply concerned that the first General Conference of UNESCO should establish a firm, if modest, groundwork upon which the future edifice may be raised. If the Organization is to be viable and effective, it must proceed at the Conference and during its first year of existence in such a way as to command the respect and confidence of its Member States and their peoples.

3. To accomplish this aim the Organization must direct its energies and resources not only towards the pursuit of its important, long-term objectives but also, the more particularly, to the achievement from the outset of short-term, urgent projects, the value of which will be immediately apparent to the peoples of the world and to their governments.

4. The principle of concentration of UNESCO's activities must be maintained. If the Organization were to undertake in the near future all the projects which have been suggested for it, it seems probable that this dissipation of effort and funds must result in a consequent absence of full success in any one field. If, however, effort can be directed to a smaller number of pressing projects, the Organization may hope for very solid successes calculated to

<sup>1</sup> Le Commentaire contenait aussi des explications détaillées des questions qui seraient discutées dans les commissions des programmes suivants: (a) l'éducation, (b) les beaux-arts, (c) les sciences naturelles, (d) les sciences sociales, les humanités et la philosophie, (e) les bibliothèques, les archives, les publications et les musées, (f) les média de communications et les relations avec les autres organisations internationales. Des rapports sur les activités des ces commissions sont dans le rapport de la délégation (voir DEA-FAH/S-198-1).

<sup>1</sup> The Commentary also contained detailed explanations of issues which would be discussed in the following programme commissions: (a) education, (b) creative arts, (c) natural sciences, (d) social sciences, humanities and philosophy, (e) libraries, archives, publications and museums, (f) media of communications and relations with other international organizations. Reports on the activities of the commissions are in the delegation's report (see DEA-FAH/S-198-1).

convince the most skeptical of UNESCO's practical value. On this basis of limited, demonstrable achievement UNESCO will be able to go forward, stage by stage, to confront the innumerable challenges that will arise.

5. It should be kept in mind at all times that UNESCO is but one of a growing body of organs of the United Nations. It has common frontiers with the fields more specifically granted to other agencies—the Food and Agriculture Organization, the Sub-Commission on Human Rights, the U.N. Department of Public Information, etc. Continuing coordination of activities must be sought to reduce to a minimum the real possibility of overlapping and duplication of effort.

6. Emphasis must be given to the facilitative nature of UNESCO's task. Wherever possible it should avoid becoming a direct operational agent and should endeavour to inspire, encourage and assist existing organizations, private and official, to execute the projects upon which it has determined. It is recognized that there are no existing organizations in some of the fields in which UNESCO must work and here UNESCO will clearly have to do the work itself until such time as new bodies can be developed to meet the need.

7. Certain further remarks on general policy are contained in the part of the commentary dealing with the budget.

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## CHAPTER 2

### SECTION 1

#### ELECTION OF PRESIDENT AND VICE-PRESIDENTS

1. The election of the President and Vice-Presidents of the General Conference appears as Item 5 on the Provisional Agenda.

2. Rule 20 of the UNESCO draft rules of procedure states:

**The General Conference shall elect a President and seven Vice-Presidents, who shall hold office until the close of the session at which they are elected. The Vice-Presidents shall be elected on the basis of ensuring the representative character of the General Committee in accordance with Rule 25.**

3. It is quite a normal procedure to elect as President of a Conference the head of the delegation of the receiving country. Such a precedent was set for UNESCO when Miss Ellen Wilkinson was made President of the 1945 Educational and Cultural Conference and of the UNESCO Preparatory Commission. Advice would indicate that the French will put forward the name of their delegation leader, probably Léon Blum. The Canadian delegation could appropriately support such a nomination.

4. In the election of the Vice-Presidents the concern of the delegation should be to urge the necessity of representation for the fields of endeavour of UNESCO and for geographical, political or cultural groups. For example, all seven Vice-Presidents should not be scientists but should include scien-

tists, educators, artists, etc. Probably one Vice-President each should be elected from the United States, United Kingdom and Chinese delegations. Of the others, one might be drawn from eastern Europe, one from Latin America, one from the mid-East and one from the Commonwealth.

## SECTION 2

### ELECTION OF THE EXECUTIVE BOARD

1. The composition and functions of the Executive Board are recited in Article V of the UNESCO Constitution.
2. Section 2 of this Article outlines the considerations which should guide the Conference in the election of this eighteen-man Board.
3. While the Canadian Government would not refuse election to this Board, no active effort should be made by the delegation to seek support for the nomination of Canada.

...

## SECTION 9

### ADMINISTRATIVE, FINANCIAL, LEGAL AND EXTERNAL AFFAIRS COMMISSION: BUDGETARY QUESTIONS

#### BUDGET FOR THE YEAR 1947

1. The proposed UNESCO budget was submitted to the Department of Finance for consideration. The general feeling was that it was difficult to justify a budget of \$7,565,000 this year for UNESCO to carry out the various projects which have been suggested by the Preparatory Commission. Many of these projects, though intrinsically worthy, could be postponed till later years. The Canadian delegation should therefore urge that funds be expended upon the most pressing tasks facing the organization and highest priority should be given to the task of rehabilitation of the educational, scientific and cultural life of the devastated countries. It should further urge the deferment of many of the projects suggested by the Preparatory Commission.
2. Canada is faced with heavy financial demands in connection with many international organizations and with other action in the international sphere—extension of credits, etc. Therefore, it is felt that any expenditure on international organizations can be justified only if it produces important immediate results or if it is absolutely essential to create the nucleus of an organization at the present time that will be of real importance in the long run.
3. It is impossible under the circumstances to attempt to say just what figure would be appropriate for the budget of UNESCO for 1947. It would certainly seem likely to be substantially below the figure of \$7,565,000 recommended by the Budget Committee, unless the Conference should consider it necessary to increase the work of relief and rehabilitation. It is noted that the representative of Czechoslovakia on the Preparatory Commission pressed

for a budget of \$5,000,000 and received some support. Subject to developments at the Conference, the Canadian delegation might support some such figure. The American delegation will probably urge a large budget and will be supported by France, Australia and some others.

#### CONTRIBUTIONS OF MEMBER STATES

4. In regard to the formula for apportioning the costs among various countries, the scale decided upon for the United Nations should be the basis for use in UNESCO, with one qualification. In the case of the United Nations it may be decided that it is important not to have the United States contribute more than a specified percentage, because that might be considered as helping to give the United States a disproportionate influence in the Organization. It is doubtful that this same danger exists in the same degree in the case of UNESCO and therefore contributions to UNESCO could be based on ability to pay without the qualification of a ceiling. However, it will be necessary to reserve the Canadian position on division of budget costs among countries until instructions are received, based on discussion in the U.N. Assembly.

#### FINANCIAL AND ACCOUNTING RULES

5. The Canadian delegation will be expected to press for and do its best to exercise careful control over the details of the budget as well as over its general nature and magnitude. It would be particularly valuable to have the UNESCO budget reviewed in the appropriate portion of the United Nations organization to ensure that the scales of salaries, etc. are appropriate, that proper financial control is being exercised and that there is no undesirable duplication of activities between this and other international organizations.

6. The delegation should also be aware of the budgetary and financial implications in the selection of the senior officials of UNESCO.

. . .

## SECTION 12

### ADMINISTRATIVE, FINANCIAL, LEGAL AND EXTERNAL AFFAIRS COMMISSION: NATIONAL COMMISSIONS

1. Article VII of the UNESCO Constitution reads as follows:

#### NATIONAL CO-OPERATING BODIES

1. Each Member State shall make such arrangements as suit its particular conditions for the purpose of associating its principal bodies interested in educational, scientific and cultural matters with the work of the Organisation, preferably by the formation of a National Commission broadly representative of the Government and such bodies.

2. National Commissions or national co-operating bodies, where they exist, shall act in an advisory capacity to their respective delegations to the General Conference and to their Governments in matters relating to the Organisation and shall function as agencies of liaison in all matters of interest to it.

3. The Organisation may, on the request of a Member State, delegate, either temporarily or permanently, a member of its Secretariat to serve on the National Commission of that State, in order to assist in the development of its work.

2. The words, "such arrangements as suit its particular conditions" were introduced into this article particularly to ease the problem of states with federal constitutions. The fact that education in Canada falls to the jurisdiction of the Provinces must condition to some extent the manner of Canada's participation in the activities of UNESCO, particularly any activities undertaken in Canada. However, the arts, sciences, and a considerable field of educational endeavour (e.g. adult education) are beyond the jurisdiction of any single administration and constitutional consideration need not, perhaps, weigh heavily in regard to these fields.

3. In order to fulfill its obligations under the UNESCO Constitution to associate principal bodies interested in educational, scientific and cultural matters with the work of UNESCO, the Government called together a temporary committee on October 7th and 8th to advise the Government on matters relating to UNESCO. The main purposes of this committee were:

(a) to advise the Government on the composition of the Canadian delegation to the General Conference of UNESCO; and

(b) to make recommendations on the means whereby the principal Canadian bodies interested in educational, scientific and cultural matters may best be associated with the work of the Organization by the formation of a Canadian National Commission or by other means.

4. There had been neither adequate time nor experience in UNESCO matters to permit the Government, at the outset, to appoint a Canadian National Commission dealing with the very wide range of topics which come within the general field of UNESCO. It was felt that there was some obscurity in Article VII of the UNESCO Constitution. The Canadian Government does not interpret Article VII (2) to mean that the national co-operating body would attend the General Conference as advisers to the delegation. The advice and consultation is to be given at a prior stage and is to be used in the framing of instructions for the guidance of the delegation. The instruction of the delegation is, of course, a government responsibility. Similarly, the Government understands that the words, "which function as agencies of liaison in all matters of interest to it" (the Organization) do *not* mean that the National Commission or co-operating bodies are intended to act as liaison between the Government and UNESCO, but rather as liaison between the Government and the principal bodies interested in educational, scientific and cultural matters.

5. The advisory Committee resolved, "that this committee is of the opinion that it is desirable to establish a National Commission of UNESCO in Canada." The committee considered that the objects of a National Commission in Canada would be:

(a) To advise the Government of Canada in matters relating to UNESCO and in all matters referred to the Commission by the Government of Canada;

(b) To act in a consultative capacity with regard to the appointment of the Canadian delegates to the General Conference of UNESCO;

(c) To advise the delegates of Canada to the General Conference of UNESCO with regard to the participation of Canada in the work of the Organization;

(d) To serve as an agency of liaison with the principal bodies in Canada which are interested in matters directly relating to the activities of UNESCO;

(e) Generally to promote the objectives of UNESCO in Canada.

6. After a very full discussion the advisory committee agreed that no final decision on the functions and constitution of a National Commission could be reached until after the General Conference of UNESCO had clearly determined the programme of the Organization. Accordingly the committee recommended that it be called again at an early date after the conclusion of the November Conference, and that those who had been delegates to the Conference should be invited to attend this second meeting of the committee.

\* \* \*

### CHAPTER 3

#### WORK OF THE DELEGATION

##### ASSIGNMENTS

1. As will be noted from the timetable to be found as Appendix A† to this Commentary, the General Conference is scheduled to go into commission meetings on November 23. With the approval of the Chairman of the delegation the delegates and alternate delegates will be assigned to these various commissions and sub-commissions according to their specialized or technical knowledge in particular fields. A list of these assignments will be announced by the Secretary of the delegation.

2. The adviser to the Canadian member of a commission or sub-commission will usually be a member of the Department of External Affairs.

3. The members of the delegation serving on each commission or sub-commission will be expected to consult together as often as required concerning the problems before the commission and to keep the delegation as a whole fully informed of the progress of their commission and of the problems likely to come up.

4. The adviser on each commission and sub-commission will be responsible for keeping a daily journal which will contain the main decisions of the commission or sub-commission, the votes cast for and against these decisions and a note of the position adopted by the Canadian delegation.

5. The adviser on each commission or sub-commission will be responsible for preparing a final analytical report on the work of each commission and sub-commission during the conference. These reports should be sub-

mitted, as soon as possible after each commission or sub-commission has completed its work, to the Secretary of the delegation for incorporation into the general confidential report of the delegation.

#### DELEGATION MEETINGS

6. It is proposed that the delegation should meet every weekday morning at 9:00 o'clock when policy decisions on questions expected to arise during the day can be made and such instructions as may be sent by the Department of External Affairs can be conveyed to the delegation. At such meetings it has been found useful for the members of the delegation to give a brief summary of the discussions of the commissions or sub-commissions on which they are sitting.

7. After the regular delegation meeting the members will probably spend the day at meetings of the Conference and afterwards will meet informally in the delegation lounge to discuss the work of the Conference. Often they will attend a reception or give a reception to other delegations in the evening.

#### INFORMATION SERVICES

8. There will be a Canadian Information Service officer attached to the delegation. His role will be two-fold. He will handle all press and radio commitments; he will also provide an information service for the delegation.

9. Press Summaries of the Canadian Information Service will be available as well as copies of various Canadian, American and British newspapers.

10. In order to keep Canadian newspapermen and others informed of our general policy and to provide them with some background material, it will be useful to arrange to hold daily press conferences at a regular morning hour, perhaps after the delegation meeting. The press conferences are usually given by the Chairman of the delegation or a deputy designated by him. The arrangement of these conferences will be the concern of the C.I.S. representative.

626.

DEA/5582-M-40

*Mémoire de la deuxième direction politique au sous-secrétaire d'État  
aux Affaires extérieures*

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

[Ottawa,] November 26, 1946

RE: CANDIDATES FOR THE POST OF DIRECTOR-GENERAL OF UNESCO

1. The question of candidates for the position of Director-General of UNESCO has, according to the Canadian delegation in Paris, now reached a

point where a decision might usefully be made as to whether we should give support to one of the candidates already put forward or should nominate a candidate.

2. The United States has officially proposed Attorney General Biddle and has approached both the New Zealand Government and ourselves for support. Mr. Archibald MacLeish expressed the view that "while Mr. Biddle lacked the broad intellectual qualifications of Huxley for the post, he was his superior in powers of organization and administration". Mr. Wrong endorses this judgment and is of the opinion that on the whole the Canadian delegation should support Mr. Biddle against Dr. Huxley unless suitable candidates from other countries appear. The Canadian delegation in Paris reports, however, that a few European countries are strongly opposed to Mr. Biddle on account of his attitude at the Nuremburg trials.

3. The British delegation to UNESCO has received instructions to support Dr. Huxley, however, the Canadian delegation is of the opinion that in spite of these instructions they are not as individuals thoroughly in favour of Dr. Huxley's candidature and may easily yield at any strong sign of opposition. The United Kingdom view is that Mr. Biddle cannot compare with Dr. Huxley as far as intellectual capacity and driving force are concerned. They admit, however, that Dr. Huxley has a number of short-comings, not the least of which are a lack of administrative talent and a somewhat mercurial temperament upon which members of his staff have commented at times. The United Kingdom also has no wish to have any difference of opinion with the United States representatives who are known to have misgivings about Dr. Huxley.

4. Although Mr. Biddle and Dr. Huxley are the only two names so far officially nominated, other lesser known men have been mentioned. Mr. MacLeish has been rumored as a last minute compromise candidate but such a nomination would appear to be out of order since he has been nominated by the United States to membership of the Executive Board. Another possible candidate is Howard H. Wilson, at present Deputy Executive Secretary of the UNESCO Secretariat. The delegation have asked us for instructions regarding this candidate (Telegram No. 743 UNESC No. 2 of November 25 attached) † but there is no information available here as to his qualifications. He was previously the United States Secretary of the joint Canadian-U.S. Committee on Education, until a year and a half ago was a member of the Faculty of Education at Harvard and subsequently joined the Carnegie Endowment.

5. With regard to a possible Canadian candidate, the French delegation have approached our delegation with the suggestion that a Canadian would be particularly acceptable for the purpose of avoiding a deadlock between the United States and the United Kingdom nominees. Dr. Omond Solandt, at present Director General of Defence Research, was tentatively suggested and our delegation has asked for immediate instructions (Telegram No. 745, UNESC No. 3 of November 26 attached). †

R. G. RIDDELL

627.

DEA/5582-M-40

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

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

TELEGRAM 653

Ottawa, November 27, 1946

SECRET. ESCUN No. 3. Following for Canadian Delegation, Begins: Your UNESC No. 3 of November 26th.†

1. Dr. Solandt would certainly not be available for post as Director General in view of heavy responsibilities which he now has in Ottawa. We are unable at present to suggest any alternative Canadian candidate.

2. We are enquiring informally from Canadian delegation in New York how the United Kingdom Government rates Huxley as candidate, and will let you know results of these enquiries. Meanwhile, if vote on Director General is taken, you should use your own judgment, bearing in mind the great importance at this stage of UNESCO having a Director General with marked administrative talent. Ends.

628.

DEA/5582-F-40

*L'ambassadeur en France au secrétaire d'État aux Affaires extérieures*

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

TELEGRAM 765

Paris, December 5, 1946

IMMEDIATE. CONFIDENTIAL. UNESC No. 6. UNESCO budget.

1. Proposed UNESCO budget is 7,565,000 dollars.

2. Proposed supplementary appropriation for cultural reconstruction and rehabilitation is 434,000 dollars.

3. A further supplementary appropriation to cover costs of Preparatory Commission and general Conference is 950,000 dollars.

4. Total amount sought is 8,949,000 dollars.

5. Canadian delegation is considering proposing that items for 434,000 dollars and 950,000 dollars be accepted as they stand but that budget be reduced by an amount equal to the sum of these two, i.e., 1,384,000 dollars. This would mean a Canadian proposal that the actual UNESCO budget be reduced from 7,565,000 dollars to 5,181,000 dollars.

6. Would this proposal have your approval or do you consider the proposed cut too drastic? Would appreciate reply as soon as possible.

7. Contributions of member States. It is tentatively suggested by UNESCO Secretariat that contributions be on United Nations scale, modified by arithmetic required because of fact that United Nations has more members than UNESCO. Do you consider this satisfactory?

8. UNESCO wishes to set up revolving fund (working capital) as soon as possible. Contributions would be refundable to member States. Scale of contributions to be same as for budget. It is proposed that revolving fund should equal 3,000,000 dollars. Assume Canada will be prepared to make appropriate contribution to this fund.

629.

DEA/5582-F-40

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

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

TELEGRAM 687

Ottawa, December 9, 1946

IMMEDIATE. ESCUN No. 8. Your telegrams No. 765 December 5th and 768 December 6th† UNESCO budget. Reference para[graph] six telegram 765. We would strongly approve of the cut which we do not repeat not consider too drastic. Comment on para[graph] seven and eight and telegram 768 will be forwarded shortly.

630.

DEA/5582-F-40

*Le sous-ministre des Finances au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Finance to Under-Secretary of State  
for External Affairs*

Ottawa, December 11, 1946

Dear Sir,

I have received teletypes numbered 765 and 768† (UNESC Nos. 6 and 8) concerning proposed UNESCO budget on which you are requesting departmental comment.

With reference to para 6 of teletype No. 765, I do not consider the proposed cut (outlined in para 5) to be too drastic and feel, therefore, that the proposal should be approved.

I do not, however, consider the suggestion of the UNESCO Secretariat that "contributions of Member States be on the United Nations scale, modified by arithmetic required because of the fact United Nations has more members than UNESCO," to be satisfactory. Although the United Nations scale has not yet been finally determined, it appears certain in the light of discussions now taking place in the General Assembly that a ceiling will be imposed on the United States' contribution. The imposition of this ceiling will have the direct effect of reducing the United States' share relative to those of other countries. Since UNESCO seems to be a case where payment of too large a share of the budget by any one nation should not create any serious problems, I do not feel that the reasons which dictate the necessity for a ceiling on contribu-

tions for the United Nations need apply—at least not for the first two or three years of UNESCO's existence.

However, although I would not recommend acceptance of the United Nations scale as a basis for apportioning the expenses of UNESCO, I do not see that similar objections could be registered against the scale recommended by the Committee on Contributions to the General Assembly in Document A-80 dated 11th October, 1946.<sup>1</sup> This latter document which recommends a scale of contributions purporting to reflect relative "capacity to contribute" sets the Canadian share at 3.1% as compared with a U.S. share of 49.80%. I feel that after modification to take into account the smaller number of members in UNESCO, this scale could be accepted as a suitable basis for UNESCO contributions.

Regarding the Revolving Fund, I feel that the sum contemplated is extremely large in relation to the proposed first budget of the organization and I would suggest that the efforts of the Canadian Delegation should be directed toward minimizing the overall size of this Fund. The scale of contributions to this Fund should be based on the same considerations as are referred to in the paragraph above.

Yours very truly,

W. C. CLARK

631.

DEA/5582-F-40

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures au chef, la direction de l'information*

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

URGENT

[Ottawa,] December 11, 1946

The insistence of the Department of Finance in apportioning contributions to the UNESCO budget on straight capacity to pay may get us into difficulties. It is certainly inconsistent with our recognition at New York of the case for a ceiling on United States contributions.

It seems to me that a good deal depends on what the Assembly decides in New York. If the United States contribution to the U.N. budget is to be of the order of forty to forty-five percent, the principle of a ceiling is established which at the same time reflects very largely the ability of the United States

<sup>1</sup>Le document A-80 n'est pas reproduit dans la série de documents officiels publiée par les Nations Unies. Cependant, le rapport d'une sous-commission qui a étudié le document A-80 se trouve dans Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, cinquième commission, annexe 6, pp. 318-22.

<sup>1</sup>Document A-80 is not printed in the series of official records published by the United Nations. However, the report of a sub-committee which studied document A-80 is in United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Fifth Committee, Annex 6, pp. 318-22.

to pay. Our concern, then, is to make sure that the per capita contribution of the United States citizen is not lower than that of the Canadian citizen.

Would you please get in touch with the Delegation by telephone this afternoon and see where matters stand with regard to the budget. I would hope that the United States has unwillingly agreed to a high enough figure to enable us to authorize its use for UNESCO as well. Please discuss the results of your talk to N[ew] Y[ork] with Finance and see whether they would agree to a revision.<sup>1</sup>

R. M[ACDONNELL]

632.

DEA/5582-F-40

*Mémorandum du chef, la direction de l'information*

*Memorandum by Head, Information Division*

[Ottawa,] December 12, 1946

UNESCO Conference closed on December 10th, so that it was impossible to forward a reply to telegrams No. 765 and 768† of December 5th and 6th respectively. It was the intention, however, to advise the delegation that the U.N. scale of contributions would be acceptable.

T. W. L. M[ACDERMOT]

633.

DEA/5582-F-40

*Le président, la délégation à la première session de la conférence générale de l'UNESCO, au secrétaire d'État par intérim aux Affaires extérieures*

*Chairman, Delegation to the First Session of the General Conference of UNESCO, to Acting Secretary of State for External Affairs*

DESPATCH UNESC. 10

Paris, December 12, 1946

CONFIDENTIAL

Sir,

I have the honour to report on the adoption of a budget for 1947 by the General Conference of the United Nations Educational, Scientific and Cultural Organization.

2. This matter was dealt with by the Administrative and Financial Sub-Commission, on which Mr. Stephens represented the Delegation, in place of Mr. Doré who usually had to attend sessions of the Executive Board at the times the Sub-Commission was meeting.

3. You will remember that before the General Conference the advice received by the Department indicated that the United States, supported by Aus-

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

I failed to reach Mr. Armstrong by telephone. Reported this to A[cting] Under-Sec[retary] Macdonnell. T. W. L. M[ACDERMOT] 11.xii.46

tralia and a few other countries, would seek a "large" budget for UNESCO and would be opposed by some European countries and the United Kingdom. In the event, almost the reverse alignment appeared. The United States urged with great force and apparent conviction the substantial reduction of the draft budget. The United Kingdom, on the other hand, pressed to the last the adoption of a budget only very slightly less than that proposed by the Preparatory Commission.

4. In the Sub-Commission the Canadian Delegation was prepared to introduce an amendment reducing drastically the draft budget but unfortunately did not receive approval from Ottawa in time to do so. As a result the Canadian Delegation contented itself with voicing its support of the lowest estimates put before the Sub-Commission.

5. The Sub-Commission was faced with three propositions: a motion by the United Kingdom, an amendment by Czechoslovakia and a further amendment by Australia.

6. The United Kingdom moved adoption of a budget amounting in total to \$8,561,139. This total consisted of the actual budget for 1947 of \$7,611,139, which was to include \$434,000. recommended by the Preparatory Commission as a supplementary budget for purposes of cultural reconstruction and rehabilitation. In addition, \$950,000., the estimated expenses of the Preparatory Commission, Czechoslovakia proposed a grand total of \$6,950,000., composed of a budget of \$6,000,000, plus \$950,000 for past expenses. This is the figure eventually adopted by the Conference.

7. The Australian amendment sought adoption of a total of \$6,650,000., composed of a budget of \$5,700,000. and \$950,000. for past expenses.

8. On the vote, the Australian amendment supported by the United States and Canada, was defeated by 10 to 8. Twelve countries were absent.

9. The Czechoslovak amendment was adopted by a vote of 10 to 9 (eleven countries absent) and the United Kingdom proposal, therefore, did not come to the vote.

10. When the decision of the Sub-Commission was reported to the General Conference, the United Kingdom again led the struggle to increase the budget. Mr. Hardman, leader of the U.K. Delegation, supported his motion in two dramatic speeches which unfortunately tended to cast aspersions on the goodwill of those who urged a smaller budget. The words "skinflint" and "cheese-paring" were among those employed by Mr. Hardman to characterize the attitude of those who had expressed opposition to the United Kingdom amendment. Before speaking, Mr. Hardman called upon the financial expert, Sir Cecil Kisch, for a few words of expert advice. Thereupon, Sir Cecil proceeded to assure the meeting that in all probability contributions to UNESCO would not have to be made in hard currency. Thereupon, Mr. Hardman made his speech.

11. The United States Delegation was discouraged by Mr. Hardman's general approach and was quite incensed by his manoeuvre in introducing

Sir Cecil Kisch's irrelevant assurances at that particular point. Mr. Benton delivered a very strong plea for the smaller budget and asked that the Conference reject any suggestion that those urging a lower budget were in any way less interested in the successful accomplishment of the tasks of UNESCO. After Mr. Hardman's second speech, Mr. Archibald MacLeish, in a considerable state of emotion, expressed his deep concern and disappointment at the lamentable level to which the debate had descended.

12. It was the opinion of the Canadian Delegation that the technique used by the United Kingdom in pressing their view had only succeeded in alienating the vote of a number of countries that might otherwise have supported them.

13. The amendment of the United Kingdom was lost by a vote of 20 to 8 with two nations absent.

14. A compromise resolution from the French Delegation to raise the figure proposed by the Sub-Commission by \$550,000. to a total of \$7,500,000. (i.e. one million less than the U.K. figure) was defeated by a vote of 18 to 10, with two countries absent. It was our impression that the French Delegation had no strong interest in pressing this compromise.

15. The final figure of \$6,950,000., as recommended by the Sub-Commission, was adopted by a vote of 26 (including the United Kingdom) to 0, with two countries absent and two abstaining.

16. I might add that the Commonwealth proved conclusively on this vote that it did not act as a bloc. India alone voted with the United Kingdom. Australia, New Zealand, South Africa and Canada were opposed.

I have etc.

L. A. D. STEPHENS  
for the Chairman

## SECTION E

### ADMINISTRATION DES NATIONS UNIES POUR LE SECOURS ET LA RECONSTRUCTION

#### UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

634.

DF/Vol. 3396

*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*

Washington, January 16, 1946

Dear Mr. Robertson,

I have recently had one or two informal talks with Makins and Tyler Wood of the State Department (he looks after UNRRA matters there now)

concerning the future of UNRRA. As you know, the operations of the Administration are due to cease in Europe at the end of 1946 unless a decision to the contrary is taken at the next Council meeting which opens on March 15th. Such a decision will of course depend primarily on the attitude of the United States. It is perfectly clear that the need for UNRRA's activities will not have disappeared by the end of this year. It is far from clear, however, whether the United States Congress will vote further funds which would make its extension possible. I do not know whether the Canadian Government has any views on this subject, but we should make up our mind before the March meeting. It is therefore not too soon to begin considering the matter now. As I see it from here, there are the following alternatives.

(1) Extension of UNRRA in its present form, for six months or a year. This will require a further vote by Congress of one-half percent or one percent. This seems highly unlikely in present circumstances. Spectacular achievements by UNRRA during the next three or four months, coupled possibly with new and popular appointments to the top posts, might make it possible, but this, in its turn, is unlikely. Wood, whose judgment on these matters is as good as anyone's, feels that it will not be possible to secure a further large appropriation from Congress for UNRRA in its present form, and that the very most that could be secured would be two or three hundred million dollars for straight "soup kitchen" relief on proof of special need to cover a period of two or three months.

(2) On the termination of UNRRA's European activities in 1946 whatever functions require to be continued should be transferred to the appropriate agencies of the United Nations Organization. This would mean that the displaced persons operations, which will increasingly tend to become refugee problems, might go to a United Nations specialist agency. Agricultural rehabilitation activities might be taken over, under a special arrangement, by F.A.O. Straight relief might be dealt with under the Economic and Social Council. Industrial rehabilitation might have to be assisted out of credits from the United States and any other Government which cares to supply them. This solution would be untidy, and would require special financial assistance from the United Nations—more particularly from the United States—for the United Nations agencies concerned. It would, however, have the merit of giving the United Nations responsibility for what is, after all, a United Nations' job. Some of the people in the State Department would support this alternative on the grounds that it would strengthen the United Nations Organization, and would avoid the necessity of going to Congress for a further contribution for UNRRA. Others in the State Department support the next alternative.

(3) Displaced persons operations to be taken over by a United Nations refugee agency; agricultural rehabilitation by F.A.O., with relief proper the responsibility of the United States' Government, which would set up a purely American relief agency which would coordinate the work of private United

States relief and humanitarian organizations and secure funds from Congress for additional relief supplies, to be distributed by a U.S. agency formed from those members of UNRRA who would be willing to transfer to such an agency.

If alternative (3) were adopted, other countries would have to work out their own methods of contributing to European and Asiatic relief. In the case of Canada, it could be done, for instance, by food shipments to particular countries, such as Greece or Poland, to be distributed by those countries or through a Canadian agency, such as the Red Cross.

The whole subject bristles with complications and difficulties, but something will have to be done about it; especially as UNRRA itself is likely to end without much diminution of the needs which brought it into being. If some decision is not reached at the March Council meeting, the supplying and receiving governments will not know where they stand, while UNRRA itself will lose much of the efficiency it has now, in places, acquired because of the uncertainty of the immediate future, and the demoralizing effect of this on its personnel.

Yours sincerely,

L. B. PEARSON

635.

DEA/2295-R-40

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

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

TELEGRAM 168

Ottawa, January 21, 1946

SECRET. ASDEL No. 13. Your No. 182.† Following for Wrong. Begins:

1. Canada's financial contribution and active interest in UNRRA makes it important that it support United Kingdom resolution.<sup>1</sup> We have already circularized our missions in Latin America to join with United States and United Kingdom in urging completion of first contribution and making additional contribution. I would not see any difficult constitutional questions in instructing Secretary-General to obtain UNRRA reports, if his instructions are to discuss matter with Director-General, explain position to him and arrange for coordination of information with a view ultimately to possible transfer of staff, since this would be in the interest of UNRRA.

2. Status of second Canadian contribution to UNRRA is as follows: Canadian Government has undertaken to make a second contribution of \$77,000,000. To implement the undertaking, an amount of \$25,000,000

<sup>1</sup> Voir Nations Unies, *Documents officiels de la première partie de la première session de l'Assemblée générale*, deuxième commission, annexe 1, pp. 23-24.

<sup>1</sup> See United Nations, *Official Records of the First Part of the First Session of the General Assembly*, Second Committee, Annex 1, pp. 23-24.

was included in the estimate of expenditures under the War Expenditures and Demobilization Act approved at the last Session, for use between now and the end of the fiscal year. Should more than \$25,000,000 be needed before March 31st, the Government could and would provide the supplies requested. It is not prepared, however, to make available a larger proportion of the Canadian contribution than the United States Government has appropriated of the second United States contribution. This amounts to some \$43,000,000, since the United States have appropriated \$750,000,000. The Department of Trade and Commerce, which is the procurement agency for UNRRA in Canada, has on hand the \$25,000,000 mentioned above and is authorized to enter into commitments on behalf of UNRRA up to that amount and if need be, up to \$43,000,000. It is unlikely that more than \$25,000,000 will actually have to be disbursed before the end of the fiscal year.

3. Points which could be made are:

(a) disparity between needs of liberated areas and the assistance which UNRRA can give because of limitations of its purse; screened requirements of liberated areas for 1946 based on UNRRA standards which are very conservative have had to be cut to anywhere from 60% to 40% to fit in with the present UNRRA budget.

(b) Present expectations are that relief needs will last beyond the end of 1946 and to meet them, assistance will have to come not only from the relatively few who have contributed handsomely, but from many others; every penny counts and the larger the number of contributions, the better assistance can be provided to those who sorely need it.

4. Will cable figures on wheat for Greece later today.

636.

DEA/2295-R-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-458

Washington, January 26, 1946

Your EX-4281 of December 20th re second Canadian contribution to UNRRA.

1. Allen<sup>1</sup> has reported that procurement against the Canadian second contribution has reached a stage where it would be desirable for the Canadian Export Board to be given procurement authority beyond the \$25 million set up to provide for Canadian supplies by the end of March of this year. The following tentative figures as of January 23rd are the best estimates available.

<sup>1</sup> S. V. Allen, secrétaire commercial, l'ambassade aux États-Unis.

<sup>1</sup> S. V. Allen, Commercial Secretary, Embassy in United States.

(a) Requisitions which have cleared UNRRA and have been mailed to Canada, total—\$16,766,251

(b) Requisitions in process of clearing UNRRA not yet mimeographed or mailed, total—\$10,921,823

(c) Over and above requisitions in these categories there are a large number of requisitions which will reach the central Procurement Co-ordination Division of UNRRA from the various Commodity Divisions within the next week or so, as a result of Canadian availabilities lined up by Allen and others concerned during the past week. These items conservatively might amount to between 15 and 20 million dollars.

2. At the present time there is considerable competition between the various divisions of UNRRA for Canadian funds which on the basis of programing may amount to as much as \$110 million over and above the items in categories (a) and (b) above. This will, of course, have to be pared down initially to the full amount of the Canadian contribution, and I merely mention the figure because it indicates that there is a possibility of Canada again getting free fund orders assuming the Canadian contribution is used as speedily as now seems likely.

3. May I, therefore, suggest that apart from action to make our effective contribution proportionate to the United States, consideration should also be given to provision for the Export Board to accept requisitions up to the full amount of Canadian \$69,300,000 and with provision for our corresponding contribution to the free funds pool.

4. Allen has informed me confidentially that Wadley of the Export Board has been somewhat pessimistic about the acceptance of further orders beyond the \$25 million limit now imposed on him and it seems to me very desirable that we should dissipate any impression that UNRRA may have that they should withhold requisitions until Wadley has procurement authority beyond the present limit. As Allen is advising all UNRRA officers to allow their orders to go forward, we are anxious to ensure that the Export Board has no excuse for withholding action, and thus delaying Canadian procurement on UNRRA account.

5. In considering the above suggestion you may wish to know that present United States plans, according to Wood who is in charge of UNRRA matters in the State Department, envisage the initiation of Congressional action on the remaining \$600 million of the United States second contribution early in February. Wood has not yet completed arrangements for initiating such action and recognizes that the rather full timetable confronting Congress in February may make it difficult to commence and complete action during that month. Nevertheless, it is his present view that the imminence of the next Council meeting and the rapid rate at which UNRRA is exhausting the presently available part of the United States contribution make the completion of action almost imperative by mid-March.

637.

DEA/2295-R-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-517

Ottawa, February 16, 1946

Your WA-458 of January 26 regarding second Canadian contribution to UNRRA. On receipt of the above, a request was made to Treasury Board for making available a larger share of the contribution, at least up to \$43,000,000 immediately and for advice as to whether the amounts available under the war appropriation and the war expenditure and demobilization appropriation would permit a further increase before the end of the fiscal year, if it proved true as in the case of the first Canadian contribution that an early exhaustion of the Canadian contribution would have the effect of bringing to Canada large amounts of orders to be paid with UNRRA free funds—other reasons for the use of free funds in Canada are the relative availability of supplies and the straightforward arrangements for UNRRA purchasing.

However, since almost all of the UNRRA free funds will come out of the United States contribution, and since there is a strong drive to use that contribution for the disposal of surplus United States assets, the conditions existing in the case of the first contribution may not arise again and I would appreciate your advice on this point before another approach is made to the Treasury Board.

The Treasury Board have now replied that they have approved an increase in the amount for UNRRA from \$25,000,000 to \$43,000,000 for the present fiscal year (the amount proportionate to the appropriation under the United States contribution). Regarding the possibility of a further increase, the Board stated that when an application came their decision would be affected by the desirability of keeping the Canadian contribution in line with the United States contribution and on the availability of the necessary funds under the current appropriation.

638.

DTC/Vol. 263,34221

*Mémorandum de l'agent exécutif principal, la Commission canadienne  
d'exportation, au contrôleur et secrétaire, le ministère du Commerce*

*Memorandum from Chief Executive Officer, Canadian Export Board,  
to Comptroller and Secretary, Department of Trade and Commerce*

Ottawa, February 20, 1946

RE: UNRRA FINANCES

I am working under very considerable pressure due to the fact that I am unable to encumber any monies beyond the \$43,000,000 which has already

been allocated for the use of this Board in making purchases on behalf of UNRRA. It has been necessary for me to advise UNRRA officials in Washington that I will be unable to sign any further requisitions for the purchase of goods in Canada until such time as the balance of funds has been made available. In fact, in checking over the requisitions which I have already signed, I find that I have contracted to purchase over \$48,000,000 worth of goods against a net credit of about \$39,000,000 exclusive of free funds. I have advised UNRRA in Washington that it will be necessary for me to block certain of the requisitions which I have signed in order to keep myself within the limits of the funds available.

As an instance of the somewhat embarrassing situation which arises as a result of this limitation, I was yesterday advised by telephone from Washington that UNRRA's requisition for transformers valued at about \$750,000 would have to be withdrawn from Canadian requirements and the order placed in the United States due to the fact that no funds were available in Canada for the purpose.

You will appreciate that I am not in a position to discuss with UNRRA officials in Washington as to the disposal of free funds which they may have in their possession and which we think they could use to their advantage here in Canada. I can only suggest that they supply free funds for these purposes but I cannot go to the point of asking them for free fund business as I know that their reply will be to the effect that they will discuss free fund business immediately the Canadian contribution has been completely expended.

ERNEST WADLEY

639.

DTC/Vol. 263,34221

*Mémoire du contrôleur et secrétaire, le ministère du Commerce, à l'agent exécutif principal, la Commission canadienne d'exportation*

*Memorandum from Comptroller and Secretary, Department of Trade and Commerce, to Chief Executive Officer, Canadian Export Board*

Ottawa, February 22, 1946

RE: UNRRA FINANCES

I have for acknowledgement your memorandum of February 20, and have carefully read your remarks concerning UNRRA finances. I am informed that External Affairs have made it quite clear to the officials at Washington that it is not the intention of the Canadian Government to pay more than half their contribution during the present fiscal year. The \$43,000,000 commitment authority which we have is slightly in excess of half our total promised and you need have no embarrassment whatever in refusing further orders until the new fiscal year.

Your statement that you have contracted to purchase over \$48,000,000 worth of goods is viewed with some concern and we will be very pleased if

you will confirm that you have found it possible to block certain requisitions in order to bring your commitments within the \$43,000,000 which have been allotted.

You will recall that 10% of our contribution is to be kept as free funds. This will necessitate your reducing your requisitions to approximately \$38,700,000. I am very pleased to learn from you of the intention of UNRRA to supply \$10,000,000 free funds for wheat and grain purchases.

FINLAY SIM

640.

DEA/2295-R-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-979

Washington, March 1, 1946

Your EX-517 of February 16th regarding second Canadian contribution to UNRRA.

Members of my staff have now had the opportunity of discussing with officials in UNRRA the problems created by the limitation to \$43,000,000 of Canadian funds available (up to the end of March) for procurement in Canada. In issuing requisitions UNRRA has already had to disregard the limitation placed on Canadian funds at their disposal. As of February 23rd the records of the Procurement Co-ordination Division of UNRRA indicated that the total of non-convertible Canadian funds represented by the two full contributions would have been exhausted by requirements which had reached the requisition stage except for the equivalent of approximately \$1,000,000 United States funds. The following rough computation made by UNRRA represents the position (all figures in equivalent United States funds).

(a) Total amount to be provided under the two full Canadian contributions for commodities and shipping services, i.e., allowing for non-supply functions such as share of administrative expenses—

\$137,400,000.00

(b) Deduct: Canadian free funds (of which \$2,000,000 at present allocated for shipping)

\$12,600,000

Earmarked non-convertible for shipping and transportation

8,000,000

Earmarked for Balkan military relief Stockpile

1,350,000

21,950,000.00

Total

\$21,950,000

Balance available from non-convertible Canadian funds for supplies to be provided from two full contributions—

\$115,450,000.00

(c) Supplies already purchased in Canada from the first contribution plus orders now being processed by Canadian Export Board and requisitions cleared by UNRRA now en route to the Canadian Export Board total about \$114,000,000.00.

Thus to all intents and purposes the two full Canadian contributions would be exhausted if action could be taken immediately on requisitions already cleared by the UNRRA Administration. (The balance of \$115,450,000 available from non-convertible Canadian funds does not represent the total resources available to UNRRA in Canada because our free funds were returned to us in the case of the first contribution for procurement in Canada, and similar action will doubtless be taken on the free fund portion of approximately \$5,000,000.00 of the second contribution in addition to the special provision for payment of ocean freights in free funds already made). Detailed breakdown of Item C is being prepared by the Administration for our information and will be communicated to you as soon as it is received.

In view of the situation reflected in the above figures, UNRRA has already placed new free fund orders in Canada, including a recent one for \$10,000,000 to cover wheat and milling products to the end of June. When questioned about the feasibility of providing further free funds to bridge the gap between the \$43,000,000 and the amount necessary to complete procurement of the orders already cleared, UNRRA officials indicated that at the most the free funds now available to them would amount to around \$15,000,000 and probably were considerably less. They will, therefore, have to review the orders already cleared in order to limit them to the resources now available. This would entail screening on a priority basis of specific needs and consideration of relative availabilities in Canada and elsewhere, particularly in the United States. (This operation must be undertaken forthwith, and two officials of UNRRA are leaving Thursday for discussions with the Export Board in Ottawa).

While UNRRA has already indicated its willingness to place free fund orders in Canada, and would doubtless do so in isolated cases even in the present circumstances, we cannot expect UNRRA to place substantial free fund orders in the near future, and we may in fact be faced with a substantial reduction in the volume of orders which UNRRA is in process of placing in Canada.

In brief, the present position in respect of possible free fund business either now or in the future would seem to be roughly as follows. Unless the balance of the second Canadian contribution is made available fairly soon there is likely to be a significant reduction in the placing of orders in Canada. To the extent that such a reduction promises to be only temporary we presumably would not be concerned at the prospect. However, since there are types of

requirements (particularly for foodstuffs) which must be satisfied immediately or not at all, and since some cancelled orders might be switched to sources of supply other than Canada, a substantial part of the reduction would probably be permanent. As such a permanent reduction would inevitably mean a reduction in the total volume of orders placed with Canadian suppliers over the entire period of UNRRA's operations, the margin between the reduced total volume on the one hand and the total amount of the two full contributions to be made by Canada on the other hand would accordingly be reduced. To the extent that this margin is reduced the volume of possible free fund business for Canada is correspondingly reduced. In short, the making of the full second contribution now would encourage UNRRA to procure maximum quantities from Canada and would ensure that Canada would receive the maximum volume of free fund payments out of the limited amount of free funds now available and the larger amount of free funds to become available when the United States completes action on the appropriation of the balance of its second contribution. This analysis of the position would seem to be valid not only arithmetically but also psychologically and politically, since there would be less objection to the placing of free fund orders in Canada in the subsequent period if UNRRA could say that the full amount of the two Canadian contributions had been exhausted.

In addition to the "commercial" considerations set forth above, there would seem to be a number of new factors of a more general nature of which account might well be taken in determining the desirability of making available at this time the full amount of the second Canadian contribution.

Of the new factors, probably the most significant is the action taken by the United Nations Assembly in urging the completion of the second contribution and in establishing a special Committee on UNRRA.

A further factor of which you will be fully conscious is the effect which action by Canada might have in facilitating action by the United States Congress, or perhaps I should say the effect which apparent inaction by Canada might have in delaying and making more difficult action by the United States Congress. It is recognized that the United States Congress does not always respond to examples set by Canada, and it is of course true that Canada cannot be expected to follow a course of action which could not be justified on other grounds merely to set a good example for the United States. Nevertheless you will appreciate that an unduly cautious attitude on the part of the Canadian authorities would provide an argument of which full use would be made by certain members of Congress and might create a rather significant stumbling block for the Administration in its attempt to secure action on the second instalment of the second contribution. On this question of possible action by Congress we find no doubt expressed in any quarter that Congress will eventually make the appropriation required to implement the authorization already given. There is, however, considerable uncertainty as to the time of such appropriation action. The State Department is hopeful that some action can be initiated

at least by the time of the Atlantic City Council meeting on March 15th. In view of the present crowding in the Congressional calendars there will be considerable difficulty in getting early consideration of the UNRRA appropriation, and accordingly in order that the funds might be available at the earliest possible time the State Department is anxious that everything possible be done in advance to ensure a speedy passage of the necessary appropriation bill as soon as it can be introduced.

Action by the United Kingdom Government on its second contribution might be regarded as creating a new factor in the situation since the time when the Minister of Finance made a statement in the Canadian House of Commons relating action on the Canadian contribution to similar action by the United States and "other contributing nations". As you doubtless are aware, the United Kingdom Government has informed Parliament that it has undertaken to make available a second contribution to UNRRA which, when taken with the first contribution, would represent 2% of the national income of the United Kingdom in 1943. It is true that after March 31st when the wartime "Vote-of-Credit" arrangement lapses and peacetime procedures are restored any balance of the second United Kingdom contribution which has not been committed by United Kingdom Supply Departments will require specific consideration and action by the United Kingdom Parliament. United Kingdom Treasury representatives here inform us that this change from wartime to peacetime procedures should not be regarded as affecting, in any conceivable circumstances, the willingness or ability of the United Kingdom Government to carry out its undertaking to provide the remainder of the second contribution if and when the Administration may call for that contribution in the manner stipulated in UNRRA Council Resolution 80. In essence both the United Kingdom representatives here and the officials of UNRRA regard the full second contribution from the United Kingdom as available for utilization by UNRRA.

In conclusion it should be remarked that we have found some difficulty in explaining satisfactorily the reason for tying the availability of the Canadian contribution to United States appropriation action. If it had been decided by the Canadian authorities (and such a decision would probably have been impossible to administer) that expenditures under the Canadian contribution should be related to *expenditures* from the United States contribution the position could be explained more satisfactorily since we could have argued that our decision was based on our desire to avoid a situation at the termination of UNRRA in which the part of the Canadian contribution which had been utilized represented a larger proportion of the amount determined as appropriate for our total contribution than expenditures from the United States contribution represented of the total amount determined by the UNRRA Council to be appropriate for the United States contribution. We could point out that if such a situation were to exist at the end of UNRRA we should then have in effect over-contributed in relation to the United States. The same safeguard against a possible over-contribution is not, in

our judgment, provided by the stipulation that Canadian appropriations for UNRRA should be related to United States appropriations since even if appropriations are kept in line expenditures might well proceed at different rates in the two countries. Since the condition attaching at present to the availability of the Canadian contribution does not seem to provide such a safeguard the only basis on which the imposition of such a condition can be explained would seem to be the existence of a doubt as to the likelihood of the United States implementing the authorization which Congress has already given to make a full second contribution. As mentioned above, we find no inclination here, (on the part of the United States officials, UNRRA officials or United Kingdom officials) to doubt that the United States Congress will eventually take the appropriation action necessary to implement this authorization. Accordingly we are finding some difficulty in giving a reason for the reluctance of the Canadian authorities to make available the full second contribution for use by UNRRA on the terms stated in Resolution 80.

641.

DEA/2295-R-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-1145

Washington, March 12, 1946

My WA-979 of March 1st concerning second half of Canada's second contribution to UNRRA.

At a meeting of the Committee on Supplies yesterday, a lengthy report on the operations of the Bureau of Supply was submitted, of which I am quoting the two most important paragraphs concerning the ability of the Administration to carry out its 1946 program, Begins:

The Administration believes that two immediate steps are essential to enable the Administration to carry out its 1946 program:

1. The supplying Governments must take most urgent steps toward making their appropriations on their second 1 percent as quickly as possible. The longer these appropriations are delayed, the greater is the danger of failure in carrying out the program of operations.

2. The contributing Governments should immediately review their prescribed procedures under which procurement for UNRRA is undertaken by them. This review should be made with a view to achieving a condition where UNRRA will not be required to tie up its funds far in advance of contracts and where the national agencies would undertake to carry on their own books the amounts required for advance procurement of bulk commodities and scarce supplies such as wheat, meat, fats, coal and POL (petroleum, oil, lubricants). Ends.

The Committee urgently requested the members of all supplying Governments to bring these paragraphs to the attention of their Governments with the minimum possible delay.

The second paragraph, dealing with the procurement difficulties created for UNRRA by the necessity of tying up funds far in advance of contracts, refers primarily to purchases in the United States. The Department of Agriculture in particular requires an extremely long advance commitment of UNRRA funds. The member for the United States and the Deputy Director General concerned with supplies both indicated that they expected this situation would be greatly improved in the near future.

642.

DEA/2295-R-40

*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*

Ottawa, March 19, 1946

Dear Sir,

With reference to Washington teletype WA-979, copy of which was referred to you on March 5, regarding the second Canadian contribution to UNRRA, I enclose copy of a further teletype of March 12, No. WA-1145.

These teletypes show the urgency, if UNRRA is to accomplish the most good, of making the whole Canadian contribution available to it at the earliest possible date. UNRRA has committed the whole of the \$43,000,000 made available to it to date for procurement of supplies in Canada and is anxious to place in Canada further orders.

Already some "free funds" commitments have been made in Canada, but UNRRA is not in as good a position to commit "free funds" if Canada is holding back part of its contribution. To all appearances, the appropriation of the whole Canadian contribution to UNRRA will give incentive and make it easier for UNRRA to place in Canada orders payable with its "free funds".

The success of the work of UNRRA as well as the Canadian interest in bringing "free funds" orders, both militate in favour of Canada making available its total contribution as soon as possible, which would mean the release of the additional \$34,000,000. I understand that the Department of Finance is prepared to recommend to Treasury Board that this \$34,000,000 be released in whole or in part, provided there is enough money available under the war appropriation.

This Department is prepared to concur in any recommendation which you would present to Treasury Board for release of the last part of the contribution; and if such action is taken, there would be a publicity advantage

in action being taken in time to advise the Director General while the Fourth Session of the Council of UNRRA is in session.

Commitments on amounts under the second Canadian contribution of \$77,000,000 Can. should not, however, go beyond a point which would not retain sufficient funds to pay the Canadian share of the administrative budget of UNRRA for 1946, which is expected to be \$390,000 U.S. Moreover, although they are expected to be and in fact are used in Canada, funds amounting to one-tenth of the Canadian contribution of \$77,000,000 should be available for transfer on request to UNRRA as Canada's share of the "free funds" pool of that organization. This \$7,700,000 Can. includes the \$390,000.00 U.S. contribution to the administrative budget which is expected to be approved by the responsible committees of UNRRA in the near future and will therefore become payable in the very near future.

Yours sincerely

N. A. ROBERTSON

643.

DEA/2295-R-40

*Décret en Conseil*

*Order in Council*

P.C. 1/1208

[Ottawa,] March 28, 1946

TRADE AND COMMERCE

The Board had under consideration a memorandum from the Honourable the Minister of Trade and Commerce reporting:

"That at the first session of the Council of UNRRA held in Atlantic City in November, 1943, the Government of Canada undertook to make a contribution to UNRRA of the value of \$77,000,000;

That in 1944 the Parliament of Canada approved Canadian participation in, and a Canadian contribution to, UNRRA by the UNRRA Act, 8, George VI, Ch. 12 and by the War Appropriation (U.N.M.A.)<sup>1</sup> Act 1944, 8 Geo. VI, Ch. 15;

That at the third meeting of the UNRRA Council held in London, England, August 1945, Canada undertook to make a second contribution of \$77,000,000;

That by P.C. 767 of March 7, 1946, the powers, duties and functions of the Canadian Mutual Aid Board, insofar as they relate to the procurement of commodities, services and the equipment required by UNRRA were transferred to the Minister of Trade and Commerce, effective November 1, 1945;

<sup>1</sup> United Nations Mutual Aid.

That by P.C. 2/7443 of December 21, 1945, \$25,000,000 was made available to the Department of Trade and Commerce for UNRRA procurement as the first portion of the second contribution and that by P.C. 217/446 of February 8, 1946, commitment authority was given to the Department of Trade and Commerce, for an additional \$18,000,000 for UNRRA procurement purposes;

That there now is an urgent need for additional supplies and funds to procure them, UNRRA having requested all contributing countries to pay their full contribution as soon as possible in order that these supplies may be purchased and sent forward immediately;

That it is expedient that the balance of Canada's second contribution to UNRRA be made available immediately and for this purpose it is advisable that an additional allotment of \$52,000,000 be provided forthwith from the War Expenditure and Demobilization Appropriation 1945; and that it, together with any unspent balances (already provided) at the close of the business day, March 25, 1946, be transferred to the credit of UNRRA in the Bank of Canada for purchases in Canada, with the proviso that in accordance with the UNRRA Financial Plan an amount of \$7,700,000 which is 10% of Canada's second contribution, may be converted into foreign exchange for use by UNRRA outside of Canada, if required.

The undersigned, therefore, with the concurrence of the Secretary of State for External Affairs, has the honour to recommend that:

1. That the balance of Canada's contributions to UNRRA be made available to UNRRA forthwith and for this purpose that an amount of \$52,000,000 be allotted from the War Expenditure and Demobilization Appropriation 1945; and

2. That the Minister of Trade and Commerce be authorized to transfer to the credit of UNRRA in the Bank of Canada the aforementioned \$52,000,000, together with any balance remaining unspent or not transferred to UNRRA from previous allotments for the purpose of making contributions to UNRRA, on condition that UNRRA agrees to transfer to the Government of Canada sufficient funds to cover commitments incurred on behalf of UNRRA and agrees to convert no more than \$7,700,000 of the moneys so provided to it, into foreign exchange for use outside of Canada."

The Board, having approved the estimate of expenditure chargeable to the War Appropriation and the War Expenditure and Demobilization Appropriation, and the allotment of the necessary funds, concur in the above report and recommendation and submit the same for favourable consideration.

A. D. P. HEENEY  
Clerk of the Privy Council

644.

DTC/Vol. 263

*Le ministre du Commerce au directeur général, UNRRA*  
*Minister of Trade and Commerce to Director General, UNRRA*

Ottawa, March 29, 1946

Dear Sir,

As you are aware, the officials of your organization have urged the contributing countries to give serious consideration to fulfilling their commitments to UNRRA at the present time. I am happy to advise you that the Canadian Government, mindful of the great need which exists for immediate action, has been pleased to place to the credit of your organization the necessary funds to meet the whole of Canada's undertakings.

I am, therefore, pursuant to Order-in-Council No. 1/1208 of today's date, transferring to your account in the Bank of Canada \$93,558,170.62, which will provide for the balance of our total commitments. A schedule showing the basis on which this amount has been determined is attached.

The services of the Canadian Government departments and agencies will still be made available to you for procurement in Canada. The same procedure and protection in the commitment and expenditure of funds which you have enjoyed, will continue as in the past.

It is our understanding that you will transfer to the Receiver General of Canada from your account in the Bank of Canada, such amounts as are required from time to time to cover the commitments entered into or to be entered into by the Government of Canada on your behalf, and that you will not transfer from your account in the Bank of Canada to other accounts or persons, without my agreement. It is estimated that we shall require \$60,000,000 to cover the commitments we have made on your behalf and which are presently outstanding. We, therefore, request you transfer this amount to the Receiver General of Canada immediately.<sup>1</sup>

On our side, we are prepared to agree at any time to transfer from your account in the Bank of Canada, such amounts as are necessary to discharge our undertakings in accordance with the UNRRA financial plan, to make available a portion of our contribution in a form which can be used outside of Canada.

Yours very truly,

J. A. MACKINNON

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<sup>1</sup> Ceci fut fait.

<sup>1</sup> This was done.

645.

L.B.P./Vol. 11

*L'ambassadeur aux États-Unis au rédacteur en chef du Winnipeg Free Press*  
*Ambassador in United States to Executive Editor of the Winnipeg Free Press*

Washington, April 1, 1946

Dear George [Ferguson],

I found your letter of March 25th<sup>†</sup> awaiting me on my return from the UNRRA meeting at Atlantic City. It was a good meeting in the sense that there was a sense of reality and a facing of facts about it; straight talk without abuse, and a realization that unless something effective is done soon by all Governments, not only will we be facing famine conditions in the next few weeks in Europe and the Far East, but conditions not much better next year. Certain people here and in Canada may say what they will about a short-term emergency, but if the facts of the situation are as they were given to us at Atlantic City, the emergency is likely to be of pretty long duration. It will require far more effective action than the short-term voluntary measures now so popular with the Administration in Washington.

I wish I knew the answers to your questions about the future of UNRRA. There are four possibilities:

1. To continue UNRRA in more or less its present form through 1947. This would require a further 1% assessment. Such an assessment might be secured by some countries, but certainly not from Congress unless there is a complete change of sentiment in that body. Without further funds from Congress, however, UNRRA could not continue.

2. The transfer of certain UNRRA functions, such as industrial rehabilitation, agricultural rehabilitation, displaced persons, to other United Nations agencies, retaining for UNRRA for another year the limited job of food relief. This would also require further funds from Congress, but a smaller contribution might be enough and might possibly—though my State Department friends doubt this—be secured. The appointment of La Guardia may make it easier to get a further appropriation.

3. Same as 2 above, except that the retained food relief functions would be performed by a U.S. agency. UNRRA itself would come to an end, though its organization in the field might be taken over by the United States Government. Other UNRRA governments could then take on special relief jobs, if they so desired. For instance, Canada might wish to help by sending food to Greece, thereby relieving the United States agency of that area. This would be an awkward and inefficient way of doing business and has practically nothing to commend it except that by acting through a U.S. relief agency more funds could be secured from Congress to carry on the relief work now being done on a United Nations basis.

4. UNRRA to come to an end this year or in the spring of 1947, with all its continuing relief activities to be taken over by UNO. This would

mean in fact that the UNO would take over also that part of the UNRRA organization in the field which was required, but any funds voted by Congress or Parliaments would be voted to UNO, and not to UNRRA as such. I think this last course is the one most likely to be followed unless La Guardia's appointment introduces such a change in sentiment in Congress that further funds for UNRRA on its present basis could be secured. If course 4 is adopted, displaced persons might be taken over by the Refugee Organization; food relief by an organization under the Economic and Social Council; rehabilitation and reconstruction assistance would have to be given by the International Bank or by governmental credits.

One thing is quite clear, however, that, though UNRRA itself may come to an end soon, the needs which brought it into being will continue for a year or two more; possibly longer. Therefore, anything you can do to publicize this continuing need would, I think, be very helpful. There is a UNO committee dealing with this question, the future of UNRRA, etc., but I am afraid it is not going to be a very effective agency unless it gets a good deal of prodding. Something, however, must be done, and soon, to make the governments on the Economic and Social Council aware of the problem and the necessity of creating some machinery to deal with it. To let UNRRA disappear without having prepared plans and machinery to take over its unfinished work would be disastrous. Yet the time is short for such preparation. Unfortunately, the Economic and Social Council, which should take responsibility for this, is taking a long time to get into action.

From my point of view, personally and officially, it is grand news that you are coming to Washington in September. That really does cheer me up, and these are days when a little cheering-up is needed. I feel certain that you will find enough to do here to keep you interested. You will always find a warm welcome at this feudal palace known as the Embassy. For some time now we have been needing advice as to what pictures to hang on its panelled walls!

With personal regards,

Yours sincerely,

L. B. PEARSON

646.

DEA/2295-R-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-1531

Washington, April 6, 1946

Your EX-831 of March 21st<sup>†</sup> enquiring concerning expected reply to despatch No. 72<sup>†</sup> relating to private donations of money to UNRRA.

Our enquiries indicate that UNRRA can accept, and welcomes, cash donations. However, UNRRA has deliberately refrained from soliciting such donations in view of the fact that Congressmen or Parliamentarians might criticise the Administration if, at the same time as it is receiving substantial contribu-

tions from Governments indirectly contributed by the people, UNRRA were to exhort the people to contribute additional amounts directly. UNRRA feels that if private donations were to be solicited their chances of securing Governmental contributions might be adversely affected.

Despite the absence of any campaign UNRRA is receiving almost daily cash contributions from private citizens. In most cases, even though the donations originate outside the United States, the cash contributions are made directly to UNRRA Headquarters in Washington. The officials with whom we have spoken have indicated a preference for the making of such donations directly to UNRRA in Washington, since they claim that there is an advantage in having such contributions accumulate in a common pool here on which the Administration can draw for financing special projects outside the regular procurement which might be proceeding through Governmental channels. We have mentioned to them that in the case of contributions from Canadians there may be a foreign exchange problem involved in the converting of Canadian dollars into United States dollars which would make it desirable from our point of view to have the contribution converted into goods in Canada. We have added that the retention of such donations in Canada would not, in our view, lessen the Administration's control over the expenditure of such funds on special projects, except insofar as some goods might possibly not be available in Canada. We indicated that if, for foreign exchange reasons, it seemed necessary or desirable to retain such donations in Canada the Canadian authorities receiving the donations could probably advise the UNRRA Headquarters in Washington of each donation as it comes in and UNRRA Headquarters could direct the expenditure of such donations through the "request-to-supply" mechanism already established for UNRRA procurement in Canada.

In these circumstances it would seem necessary to have answers to the following questions before proceeding further with our enquiries:

(a) Does the present foreign exchange position render it desirable that private cash donations be retained for expenditure in Canada?

(b) If such is the case, would it be feasible for the Canadian Custodian of these donations to establish some arrangement for advising UNRRA of individual contributions as they are received? When we have this information we can give you a complete answer to your despatch within a day or so.

647.

DEA/2295-R-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-1111

Ottawa, April 20, 1946

Your WA-1531 of April 6 regarding private donations of money to UNRRA.

The following is the message received from the Foreign Exchange Control Board on this subject, which indicates that there would be no objections from a foreign exchange point of view to donations being transferred to UNRRA Washington:

“In the last paragraph of this message the Canadian Ambassador asks whether the present foreign exchange position renders it desirable that private cash donations to UNRRA be retained for expenditure in Canada. Under routine instructions the Canadian banks are now authorized to sell up to \$100 in United States funds per applicant per month for the purpose of making benevolent remittances abroad. Remittances to UNRRA would fall within this category and it would appear that the limit of \$100 is high enough to take care of the great majority of cash donations. Moreover, the Board has recently decided that favourable consideration should be given to applications for cash remittances in excess of \$100 to countries to which Canada is extending credit. The reasons for permitting these remittances to UNRRA are just as strong as for permitting them to individual countries and the Board will accordingly be prepared to give favourable consideration to applications for United States funds to make cash donations to UNRRA in excess of the amount of \$100 which the banks are authorized to approve.

In view particularly of the large amount of free funds which UNRRA has spent in Canada, there would appear to be no reason from a foreign exchange point of view why the use of such donations should be restricted to purchase in Canada.”

It may be, however, that since UNRRA expends certain free funds in Canada, they would prefer not to have the money transferred to them as, to the extent that contributions are made that way, they lose the 1% exchange when re-transferring the money to Canada. However, unless such voluntary contributions increase in number and size, the loss would be insignificant.

At the time when this matter was taken up with you, the thought existed that contributions of this nature would come in fairly large numbers, but this anticipation has not materialized. The whole question which I raised appears therefore to be very much of an academic one.

648.

DEA/2295-R-40

*L'ambassadeur aux États-Unis au chef, la direction économique*

*Ambassador in United States to Head, Economic Division*

Washington, June 8, 1946

Dear Mr. Pierce,

I am enclosing a memorandum from Mr. Cairns the Director of the Food Division of UNRRA to Mr. La Guardia concerning UNRRA's problem of financing food shipments. There is only a short time available before today's diplomatic bag closes and I will therefore have to wait until early next week to teletype our comments on the information contained in this memorandum.

The most important fact for Canada arising from UNRRA's present difficulties in financing their food requirements is that it *may* become necessary for UNRRA to ask that we cancel \$6,000,000 worth of fish and \$6,000,000 worth of meat which they have already contracted for in Canada.

This information was given to me on a purely personal basis by Mr. Cairns and I have his permission to forward this memorandum on an informal basis to Ottawa. Mr. Cairns discussed the possible Canadian cutbacks referred to with Mr. Karl Fraser of the Mutual Aid Board when he was in Washington this week.

I shall try to have all the necessary information on why UNRRA may have to request these cutbacks available to you before the next meeting of the Mutual Aid Board.

Yours sincerely,

J. R. MURRAY  
For the Ambassador

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du directeur, la division de l'Alimentation d'UNRRA,  
au directeur général, UNRRA*

*Memorandum from Director, Food Division of UNRRA,  
to Director General, UNRRA*

May 30, 1946

#### THE PROBLEM OF FINANCING FOOD SHIPMENTS

##### INTRODUCTION

1. The Food Division has been a most consistent rebel against the Administration's conception of a program of operations because it has always held the view that at least one-half of UNRRA's funds, amounting in all to about \$3.2 billion dollars, should have been reserved for the procurement of food. However, because of the scarcity of food and in order to get on with the job, the Food Division reluctantly acquiesced in a program of operations for the period ending 30th June 1946 based on the tentative assumption that only about one-third of the Administration's total funds would be spent on food. The Division then proceeded to buy, at the lowest possible prices, all the basic foods it could get, regardless of how quickly the \$1.1 billion tentatively allotted to it was spent. As you will see from Table I attached,† we expect to ship by the end of June 1946 about \$0.9 billion worth of food, leaving a balance of only about \$200 million of the aforementioned tentative allotment. Moreover, in order to avoid losing allocations made to UNRRA, the Food Division has already committed the bulk of that balance for food to be shipped in the third quarter of 1946.

2. In order to capitalize on the fruits of Governor Lehman's and your crusade for more food for UNRRA the Food Division assumed that as a result of the recent discussions in Washington with the representatives of our Missions the allotment of funds to the Food Division would be increased to at least \$1.6 billion. But largely because of commitments already made to procure supplies other than food, the Food Division's allotment was increased to only \$1.2 billion. The Administration is, therefore, faced with the prospect of cancelling, in so far as possible, commitments already made to buy dairy products and meat in order to provide funds to buy as much as possible of the grains and fats which it expects shortly to be allocated to it. Moreover, unless steps are taken immediately greatly to increase the funds available to the Food Division, the allocations of grains, fats, and other basic foods already made, or about to be made to UNRRA will be gravely endangered. One of the disastrous consequences of this anomalous position will be the abandonment of the child feeding program which you proposed in your 29th April cable to all UNRRA receiving countries.

3. The situation with respect to the last half of 1946 revealed in the above paragraphs is grave, but the position in the first six or eight months of 1947 is less grave only in the sense that there is more time to prepare for it. Several UNRRA receiving countries will continue to need large imports of food at least until the 1947 harvests are available. It is manifestly impossible for the successor, if any, to UNRRA effectively to take over control prior to 1st January 1947. And unless financial and other arrangements are made at a very early date to provide for a continuation of food shipments after the turn of the year the position of the countries now dependent upon UNRRA will be gravely prejudiced, especially with respect to allocations, firm requests for which, backed by irrevocable financial arrangements, must be made at least three and in most cases six months in advance of the period of shipment.

#### REQUESTS FOR ALLOCATIONS

4. On 10th April 1946 UNRRA requested of the Combined Food Board allocations of food, from all sources of supply, for shipment during the six month period July-December 1946, valued at about \$825 million. In response to the USDA's<sup>1</sup> request that we submit by 5th April our requirements of food from the United States in both the third and fourth quarters of 1946, we submitted requirements valued at about \$600 million.

#### AVAILABLE SUPPLIES

5. During the series of meetings with representatives of UNRRA's Missions, the Food Division estimated the value of the foods already allocated by the CFB and expected to be allocated by the International Emergency

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<sup>1</sup>United States Department of Agriculture.

Food Council to UNRRA for shipment to its receiving countries in July-December 1946 at \$545 million, sub-divided as follows:

	<i>Millions of dollars</i>
Bread grains	209
Rice	52
Fats	64
Dairy Products	52
Meats	106
Fish	23
Other foods	40
Total	<u>\$546 mn.</u>

#### AVAILABLE FUNDS

6. On the basis of the total UNRRA budget for each country which the Administration has decided to recommend for the consideration of the Central Committee, the representatives of the UNRRA Missions who took part in the recent series of meetings in Washington have informed the Food Division that the following sums will be available for the procurement of food to be shipped after 30th June 1946:

	<i>Thousands of Dollars</i>
Albania	662
Austria	13,485
Byelorussia	5,854
Czechoslovakia	13,515
Dodecanese Islands	391
Greece	21,760
Italy	65,378
Poland	50,053
Ukraine	30,088
Yugoslavia	11,325
China	111,373
Total	<u>323,884</u>

#### 7. PRESENT DISTRIBUTION BY COMMODITIES OF \$324 MILLION

	THIRD QUARTER 1946	FOURTH QUARTER 1946
	<i>Millions of dollars</i>	
Bread Grains	57	0
Rice	15	37
Fats	12	0
Dairy Products	32	8
Meats	92	7
Fish	14	10
Other Foods	37	3
Totals	<u>259</u>	<u>65</u>

Note: The foregoing distribution is largely dictated by the commitments of funds already made for dairy products, meats, fish and other foods; after

allotting \$52 million for the rice we hope to get from China the balance of \$74 million has been allotted to procure only a fraction of the grains and fats which the Food Division is confident will be allocated to UNRRA. Pending a determination of such commitments as may be revocable, it is impossible for the Food Division to respect the present food priorities indicated by the Missions within their present budgetary limitations—examples:

	MISSION'S SUGGESTIONS	FOOD DIVISION'S COMMITMENTS
	<i>Millions of dollars</i>	
Bread Grains	163	0
Rice	52	0
Fats	43	9
Dairy Products	27	40
Meats	40	92
Fish	9	24

#### SUMMARY

8. To sum up, unless action is taken very quickly to increase the funds available for the procurement of food by UNRRA, (a) revocable contracts for basic foods such as milk and meat will have to be cancelled; (b) allocations to UNRRA will be adversely affected; (c) procurement activities in supplying countries may well be relaxed because of a drastic reduction in so-called "effective requirements", (d) food that should be shipped to UNRRA countries will go elsewhere; (e) UNRRA countries will be deprived of sorely-needed food by the end of the third quarter of this year; and (f) the case of these countries for an equitable share of the world's pool of food supplies in the last quarter of 1946 and in the first half of 1947 will be gravely prejudiced.

9. On the basis of the above facts I recommend for your urgent consideration: (a) that you should reply at once to Secretary Anderson's<sup>1</sup> letter of 24th May that (i) subject only to the appropriation by Congress of the outstanding \$465 million, UNRRA will earmark, over and above the funds already submitted for food, exclusively for the procurement of food in the United States, to be shipped in the third quarter of 1946, the sum of \$250 million, and (ii) as soon as the amount of food allocated to UNRRA from the United States approaches the amount of UNRRA money now held by the USDA together with the aforementioned \$250 million, UNRRA will place additional funds at the disposal of the USDA;

(b) assuming that it will be possible to follow the course advocated in (a) immediately above, it is nevertheless necessary that you should instruct the appropriate officials of UNRRA to make an immediate determination of what funds already committed for non-food procurement are, in fact, irrevocably committed; otherwise some receiving countries face the possibility of having so little food in the last quarter of this year as to lead to starvation;

<sup>1</sup> C. P. Anderson, le secrétaire d'Agriculture des États-Unis.

<sup>1</sup> C. P. Anderson, Secretary of Agriculture of the United States.

(c) that you should immediately instruct the staff of UNRRA that pending the completion of arrangements to finance food shipments during the third and fourth quarters of 1946, now estimated at \$545 million, no funds shall be committed for the procurement of any non-food items unless it is specifically approved by you personally;

(d) that you should instruct, in the light of the findings in (b) above, the divisions of UNRRA concerned to cancel all of the procurement contracts determined to be revocable;

(e) that you should inform the United States Congress during the UNRRA hearings next week that appropriation of the outstanding balance of \$465 million will be quite insufficient to provide for the minimum exports of food during the third and fourth quarters of 1946, allowing nothing for the procurement of other supplies such as transport, coal and petrol;

(f) that you should request the Government of each UNRRA receiving country to exert every possible effort to (i) secure the necessary credits to finance the procurement of non-food items for which UNRRA has irrevocably committed funds, thereby releasing money for the procurement of food by UNRRA, and (ii) place at UNRRA's disposal by letter of credit the supplementary funds required to procure, so nearly as available supplies will permit, the minimum food import requirements in both the third and fourth quarters of 1946; and

(g) that you should immediately notify the members of the UNRRA Council of your intention to place on the agenda of its August meeting the proposition that the subscription to UNRRA of an additional contribution of not lower than \$750 million (i.e. about 0.5% of the national income of the contributing countries) to be spent exclusively on the procurement and shipment of food to the UNRRA receiving countries during the period ending 31st August 1947 is a prerequisite to putting these countries on their feet in a fit condition to do their work in the new world.

649.

DEA/2295-R-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-2406

Washington, June 11, 1946

IMMEDIATE. Following for Pierce from Murray, Begins: Reference our letter of June 8th concerning UNRRA food financing problems and possible cutbacks affecting UNRRA commitments in Canada.

The main reason for UNRRA's desire to withhold or cut back procurement in Canada and the United States of foods such as meat and fish is that they feel they would not be able to withstand criticism for failure to supply the more basic foods, cereals, and fats and oils; their extremely tight

financial situation, coupled with comparatively large availabilities of cereals and fats and oils, have made these shifts in food procurement desirable.

In the United States, UNRRA has been able to reach an agreement with the Department of Agriculture, who in some mysterious way are going to finance the set asides (to the extent of approximately \$50,000,000) which UNRRA had been scheduled to purchase. It is anticipated that countries who still urgently wish to acquire these supplies will have to make their own financial arrangements to purchase them either through the Export-Import Bank or otherwise. As far as Canada is concerned, UNRRA wish to have this contingency known to the officials concerned in Ottawa and they have no intention of proceeding with any cutbacks before knowing our views. As I said in my letter, Karl Fraser of the Mutual Aid Board discussed this problem with Mr. Cairns. In addition, I understand that Mr. Wadley of the Canadian Commercial Corporation has been informed of the possible cutback on fish which may amount to \$6,200,000.00 and that he is expected to come to Washington to discuss this question, possibly accompanied by Dr. Finn.<sup>1</sup>

UNRRA fully appreciates that, having encouraged the fishermen to the greatest possible efforts, it would be very embarrassing to the Canadian Government to have UNRRA'S fish commitments seriously cut back. UNRRA has made it clear that they will not go ahead with these proposals if the Canadian Commercial Corporation has entered into a definite commitment. I believe that any additional information you may wish for tomorrow's meeting of the Mutual Aid Board could be obtained from either Mr. Wadley or Mr. Fraser. Ends.

650.

DEA/2295-R-40

*Le sous-ministre du Commerce au sous-secrétaire d'État par intérim  
aux Affaires extérieures*

*Deputy Minister of Trade and Commerce to Acting Under-Secretary of State  
for External Affairs*

Ottawa, June 18, 1946

Dear Mr. Wrong,

Please refer to your letter of June 12<sup>†</sup> regarding the potential cutback of UNRRA requirements for meat and fish.

I have been in touch with the Department of Agriculture and the Deputy Minister of that Department is writing to you directly in regard to meat.

With respect to fish, the following was allocated to UNRRA, the first two items by the Combined Food Board, Washington, and the remainder by the Canadian Food Requirements Committee, on the recommendation

<sup>1</sup> Le sous-ministre des Pêcheries.

<sup>1</sup> Deputy Minister of Fisheries.

of the Department of Fisheries, Ottawa, after consultation with officials of UNRRA and the trade.

QUANTITY	TYPE	SOURCE OF SUPPLY	APPOXIMATE TOTAL COST
30,000,000 lbs.	Canned Fish,	Approximately 22,000,000 lbs. West Coast	
		Approximately 8,000,000 lbs. East Coast	\$ 4,950,000.00
3,000,000 lbs.	Dried Salt Cod,	East Coast	480,000.00
65,000 bbls.	Pickled Fish,	East Coast	845,000.00
5,000 tons	Dried Salt Herring	West Coast	440,000.00
75,000 cases	Bloaters,	East Coast	150,000.00

UNRRA has been in touch with the Department of Fisheries with respect to the 30,000,000 lbs. canned fish, and UNRRA is perfectly willing to take this quantity if it cannot be allocated elsewhere. Therefore, on the advice of the Department of Fisheries, the Canadian Commercial Corporation is awarding contracts for the canned fish on the understanding that if all, or any portion of it cannot be allocated elsewhere UNRRA will accept delivery.

The 3,000,000 lbs of Dried Salt Cod can be cancelled without inflicting any hardship on the trade as this type of fish can be disposed of elsewhere. However, this is not the case with respect to the Pickled Fish, Dried Salt Herring and Bloaters. While requisitions for the latter two items have not yet been received by the Canadian Commercial Corporation, the supplying of these types of fish to UNRRA has been treated as a matter of prime importance, the Canadian industry having been encouraged to make special efforts to increase their production. For the same reason, the Corporation has already opened preliminary negotiations with the trade for this supply and, although no irrevocable commitments have been made, severe hardship to the trade and considerable embarrassment to the Canadian Government would result from any attempt to cancel these items. However, as in the case of the canned fish, it may be possible to place elsewhere some of the quantities of dry salted herring and pickled fish now allocated to UNRRA, and if this can be done, the UNRRA contracts will be reduced proportionately. It is therefore strongly urged that UNRRA request the Canadian Commercial Corporation to proceed with the purchase of these 3 items in accordance with the agreement which they reached with officials of the Department of Fisheries.

This matter has been discussed with officials of the Department of Fisheries and they concur in the foregoing.

As requested, I am returning the papers which accompanied your letter.

Yours very truly,  
 M. W. MACKENZIE

651.

DEA/2295-AJ-40

*L'ambassadeur en Chine au secrétaire d'État aux Affaires extérieures**Ambassador in China to Secretary of State for External Affairs*

DESPATCH 711

Nanking, June 25, 1946

Sir,

## CANADIAN REPRESENTATION ON UNRRA FAR EAST COMMITTEE

I have the honour to submit herewith the first paragraph of a letter which has just come to hand from Miss Eleanor Hinder, one of the British Government representatives on UNRRA in the Far East. Miss Hinder and her associates in UNRRA are anxious to have Canadian representation.

2. The absence of Canada from the Far East Committee has caused rather widespread comment. Mr. Gilpatrick of the U.S. Embassy has been definitely outspoken as have been a number of others both within and outside of UNRRA. Mr. Pearson made a great impression, and partly because of his personality UNRRA has learned to expect important contributions from Canada.

3. I would support Miss Hinder's suggestion without hesitation, were I in a position to make a considered recommendation. For the moment I do not see any recommendation which I can make, and so I leave the problem with you.

4. The remaining paragraphs of Miss Hinder's letter did not touch upon UNRRA. Instead they were recommending to me certain of her friends with whom she wished me to become acquainted. The paragraph of Miss Hinder's letter to which I have referred to above is as follows:

I was so glad to have had the opportunity to have a talk with you while I was in Nanking. I hope you will let me repeat quite unofficially my hope that now that the Committee for the Far East is established in Nanking, you will raise with your Government the possibility of Canada being represented. I know very well the mediating role you have played so skilfully and successfully in China since you came. I have been the witness too of the very splendid contribution which Canada has made in the meetings of the UNRRA Council, particularly at the meeting of the Council held in London last year when Mr. Pearson was at his best. There are at least twelve, possibly more, months in which UNRRA will continue to operate in China and in which Canadian supplies will continue to be used. Nothing would give me greater pleasure than to have a Canadian representative to sit with the Committee for the Far East. If your Government accedes in principle, all it has to do is to communicate with the UNRRA Washington Headquarters and to nominate a Canadian member.

I have etc.

VICTOR W. ODLUM

652.

DEA/2295-Q-40

*Le directeur général, UNRRA, au Premier ministre*

*Director General, UNRRA, to Prime Minister*

PERSONAL

Washington, July 3, 1946

My dear Mr. Prime Minister,

It is none of my business, but seemingly I am always attending to somebody else's business, yet I am very much concerned over the coming Council Session of the United Nations Relief and Rehabilitation Administration to be held in Geneva August 5th. I have just heard that there is a likelihood that Mike Pearson may not attend. It so happens that he is now the dean of the UNRRA delegates. He not only has a store of knowledge and information from the very beginning of UNRRA, but is always most helpful in deliberations.

At this Conference the future of UNRRA will have to be decided and, what is more important, the policy of relief for needy countries in 1947. I hope that the situation will be such that we may have the benefit of Mr. Pearson's helpful and sound advice.

With kind personal regards, I am

Very sincerely yours,

F. H. LA GUARDIA

653.

DEA/2295-AJ-40

*Le sous-secrétaire d'État par intérim aux affaires extérieures  
à l'ambassadeur aux États-Unis<sup>1</sup>*

*Acting Under-Secretary of State for External Affairs  
to Ambassador in United States<sup>1</sup>*

Ottawa, July 30, 1946

Dear Mr. Pearson,

General Odlum has sent us three despatches Nos. 626 of June 7th,† 645 of June 12th† and 711 of June 25th (copies attached) reporting on the work of the Far East Committee of UNRRA which has been meeting in Nanking and urging that consideration be given to Canadian representation on the Far East Committee.

You will be familiar with the extent to which Canadian goods allotted to UNRRA make up shipments of relief to China. In addition, there are quite a number of Canadians working on the staff of UNRRA in China.

<sup>1</sup> M. Pearson se rendait alors à Genève pour assister à la cinquième session du Conseil d'UNRRA.

<sup>1</sup> Mr. Pearson was then on his way to Geneva to attend the fifth session of the Council of UNRRA.

Canadians have also taken an active part in voluntary relief work in China. I understand that the \$5,000,000 aid given to China by the Canadian Red Cross and the Chinese War Relief Fund compares favourably on a per capita basis with contributions from other countries.

I should be glad to have your views on the advisability of our arranging for a member of our Nanking Embassy to sit on the Far East Committee of UNRRA. You may feel that you would prefer to withhold your comment until after the Geneva conference gets under way and you are able to see whether some international organization will be set up to continue UNRRA's work and the extent to which Canada will be expected to continue to provide relief supplies to China.

Yours sincerely,

H. H. WRONG

654.

DEA/2295-R-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-3520

Washington, September 30, 1946

CONFIDENTIAL. Following for Dr. W. Clark, Department of Finance, from R. B. Bryce, Begins:

1. UNRRA has enquired whether Canadian Government would be prepared to provide supplies to UNRRA for a reimbursement subsequently by several Latin American countries who would make balance their contributions to UNRRA in this manner. These countries say budgetary difficulties prevent immediate payment remainder of contributions, but they are prepared to complete contributions over period of several years. Because UNRRA is ending next year, they cannot make use of such later contributions unless it is possible to discount now.

2. While it is quite unlikely that Canadian Government would be prepared as a matter of policy to enter into arrangements of this kind, we would like to know whether it would not be debarred on purely legal grounds. Only authority we know of under which action would be taken would be Export Credit Act and closest application to legal position here would be for Canada to make loan to Governments concerned to enable them to purchase supplies in Canada to transfer to UNRRA. We assume, however, that even this would be contrary to law.

3. Would suggest you provide copies of this to Johnson if back and failing him, to Mundell or Coyne and obtain their opinion on matter. Inform External Affairs as well and say UNRRA plan to write formally to Ambassador here. Ends.

655.

DEA/2295-R-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-2482

Ottawa, October 2, 1946

CONFIDENTIAL. Following for R. B. Bryce from W. C. Clark, [Begins:]

1. Have considered suggestion raised in your cypher teletype WA-3520. You may advise UNRRA that we have no legal authority which would enable us to enter into the financial arrangements suggested in your teletype designed to enable certain Latin American countries to extend their contributions to UNRRA over a period of years. We believe it would certainly be completely contrary to the spirit and probably to the letter of the export credit insurance act to use that legislation for discounting the notes of countries wishing time to meet their international obligations.

2. Have advised Mr. Wrong who agrees.

656.

DEA/9255-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures<sup>1</sup>*

*Under-Secretary of State for External Affairs  
to Secretary of State for External Affairs<sup>1</sup>*

SECRET

Ottawa, October 19, 1946

Dear Mr. St. Laurent,

Relief needs in countries which have suffered from the war will be under consideration in the General Assembly. It is now clear that the decision to terminate UNRRA activities in Europe on December 31, 1946, and in the Far East on March 31, 1947, will not be reversed. The Council of UNRRA, at its last meeting, referred to the United Nations Assembly the problem of post-UNRRA relief needs, dividing this question into two parts:

- (a) The determination of relief needs after UNRRA comes to an end, and
- (b) Means for satisfying the needs so determined.

The Economic and Social Council has also adopted a resolution supporting the UNRRA Resolution, with the addition of an amendment put forward by the Canadian delegation as follows:

The Economic and Social Council "requests the Secretary-General to undertake immediately the collection and analysis of information relating to the sub-

<sup>1</sup>M. St. Laurent se rendait alors à New York pour participer à la seconde partie de la première session de l'Assemblée générale des Nations Unies.

<sup>1</sup>Mr. St. Laurent was then on his way to New York to attend the second part of the first session of the General Assembly of the United Nations.

jects enumerated in paragraph 1 above with a view to the submission of this data to the agency or agencies to be established or designated by the General Assembly, and recommends that other international organizations and governments provide all possible assistance to the Secretary-General in the performance of this task."

We have under consideration in the Department the way in which the discussion of relief questions is likely to develop in the Assembly and also the attitude which should be adopted by the Canadian delegation towards these problems. I am attaching a draft telegram to the Canadian High Commissioner in London. This draft telegram contains, in paragraphs 2 to 6, an account of what we understand to be the intention of the United States delegation in regard to the discussion of relief needs in the Assembly. Paragraph 7 of the telegram gives some indication of the difficulties which we feel may arise as a result of the procedure which the United States delegation is considering. Paragraphs 8 and 9 give, in general terms, the attitude which we think the Canadian delegation should adopt during the discussion of these questions in the Assembly.

I would be grateful to know whether or not you approve of this telegram, either in its present form or with revisions. If you concur, we shall despatch the telegram at once to London for comment, and will send a similar telegram to Washington, also with a request for comment. It will then be possible, also, to regard paragraphs 8 and 9 of the draft telegram as a general statement of Canadian policy on relief problems.

Yours sincerely,

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

*Projet de télégramme du secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Draft Telegram from Secretary of State for External Affairs  
to High Commissioner in Great Britain*

TELEGRAM

Ottawa, October 18, 1946

SECRET AND IMPORTANT. Reference International Relief questions after the termination of UNRRA.

1. As you know, the UNRRA Council in Geneva referred to the United Nations Assembly the problem of post-UNRRA relief needs, dividing the question into two parts:

(a) The determination of relief needs after UNRRA comes to an end, and

(b) Means for satisfying the needs so determined.

The recent session of the Economic and Social Council adopted a resolution supporting the UNRRA Council resolution with the addition of an amend-

ment put forward by the Canadian Delegation, requesting the Secretary General to undertake immediately the preparation of a factual analysis of needs.

2. We have learned in confidence that the United States delegation to the General Assembly intends to propose the establishment of a committee of the Assembly, to examine and report on relief needs in 1947—that is, needs plus inability to pay. This committee will, it is intended, be exclusively a fact-finding body, and will make no recommendations regarding methods for satisfying these needs. The preliminary fact-finding work prepared by the Secretariat and similar material available from other bodies (e.g. UNRRA) on relief needs in 1947, will be made available to this Assembly Committee. The United States authorities apparently hope that this committee of Government representatives will act as a committee of experts. The State Department wants a United States representative on this committee sufficiently authoritative to carry weight with Congress and United States' opinion.

3. The United States is apparently confident, on the basis of analyses prepared by its own experts, that any objective analysis will show (a) that the total relief needs in Europe will amount only to some \$500,000,000, and (b) that only Italy, Austria, and possibly Greece, will need supplies for which they are unable to pay.

4. The United States hopes that no problem of relief for Asia will be raised to confuse the issue during this Assembly. The Chinese will presumably be persuaded not to make any claims now by a promise that their needs will be considered later. UNRRA's Far East activities are to continue until the end of March 1947.

5. Mr. Tyler Wood has informed Mr. Pearson that the State Department hopes that the figures found by the Assembly's fact-finding committee will not at once be made public, and that the report of this committee to the Assembly will be referred at once to some other committee of the Assembly, possibly the already existing ("Bloom") Committee on UNRRA. If this second committee gets the facts in time, it will report back to the Assembly with recommendations regarding methods of meeting the needs determined by the fact-finding committee. There would then be an Assembly debate on the whole topic. If the Committee's work is not finished before the Assembly ends it will carry on and make its report to the Secretary General for submission to governments.

6. The United States intention is that the Assembly will then refer the report of the second ("Bloom"?) Committee to a committee composed exclusively of nations which express their willingness to contribute to relief supplies in 1947. This committee, the United States intends, will not interfere in any way with the control by a supplying nation over the destination of such goods as it may supply. These goods will be distributed by the receiving government.

### 7. *Comments:*

(a) It is perhaps a gamble to assume that the fact-finding committee, especially as it is composed of government representatives, will report needs as restricted as the findings of the United States experts suggest. In any case, it may be expected that there will be a minority report stressing large relief needs by certain Slav countries. Similarly, the second Assembly committee may also bring in a majority and minority report.

(b) Figures from the fact-finding committee may leak out prematurely. With or without this leak, there may be an Assembly debate before the reference of the first committee's report to the proposed second committee.

(c) The State Department appears to entertain some hope that the fact-finding committee's work may not be ready in time for debate by the Assembly. If there is an Assembly debate before this report is completed, the United Nations can take the position that no decision can yet be reached.

(d) If the majority report of the fact-finding committee and consequently of the second committee, finds no relief needs (plus inability to pay) on the part of countries in the Soviet zone, the U.S.S.R. may be expected to stay out of the suppliers' committee. Even if the U.S.S.R. comes into the suppliers' committee, the United States will insist on retaining full control over the destination of its own supplies.

(e) Reports from Washington indicate that Congress will be at least reluctant to vote any free United States supplies to any country in the Soviet zone of Europe. Mr. Tyler Wood has told Mr. Pearson that if the fact-finding committee does in fact find relief needs and inability to pay on the part of Poland, the State Department would be prepared to ask Congress to vote funds for Poland. The State Department may, in fact, be counting on a refusal by Congress.

(f) It may not be possible in fact to exclude entirely from the debates relief claims in Asia. Though China may be persuaded to say nothing, India may assert need for relief goods from the dollar-countries.

(g) The United States probably intends to make relief shipments available to Austria and Italy—the former through army funds, the latter presumably by a special vote after Congress meets. The needs of Greece may have to be met chiefly by the United Kingdom. Canada may be asked to help in Greece and to some extent in Italy.

8. While it is proposed that the Canadian Delegation give general support to the main lines of United States tactics on relief problems at the General Assembly, we will bear in mind the desirability of simplifying the procedure wherever possible, so that if a general relief debate in the Assembly seems inevitable, at least two Assembly debates can be avoided.

9. Canada would attach importance to the establishment of the "Committee of Suppliers", which would presumably work along the lines of the Combined Boards and the International Emergency Food Council. It is in

our view most desirable that some degree of international coordinating machinery be retained, both as a matter of general principle and for efficiency in making allocations.

657.

DEA/9255-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] October 22, 1946

I am enclosing herewith copy of a letter which I sent to Mr. St. Laurent on forthcoming discussions at the United Nations Assembly on relief and rehabilitation questions.<sup>1</sup> Attached to this letter is a draft telegram which outlines the policy on this matter which is likely to be adopted by the United States delegation at the Assembly and which, in its last two paragraphs, suggests that the Canadian delegation should give general support to that policy. Mr. St. Laurent has telephoned that he is in agreement with all of this draft telegram except paragraph 9, which he would like to discuss with you tomorrow. That paragraph emphasizes the desirability of retaining some form of international coordinating machinery in relief matters. Mr. St. Laurent is not so sure about this.

My feeling in making this particular recommendation was that, without some international coordinating machinery, the present trend toward making relief an adjunct of politics would be intensified. My view is that if relief is required in 1947 (and that is a matter yet to be determined), there should be some international supervision over the whole question, both in order to minimize political considerations and to ensure that a disproportionate share of the burden is not borne by any one country.

L. B. P[EARSON]

658.

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*Mémoire du sous-secrétaire d'État aux Affaires extérieures*<sup>2</sup>

*Memorandum by Under-Secretary of State for External Affairs*<sup>2</sup>

SECRET

[Ottawa,] October 24, 1946

UNITED STATES RELIEF POLICY AT THE FORTHCOMING ASSEMBLY

1. The probable United States policy on relief matters at the United Nations Assembly, as indicated to us, is of importance to us. It seems

<sup>1</sup> Le document précédent.

<sup>2</sup> Ce mémorandum fut envoyé à la délégation à l'Assemblée générale des Nations Unies le 26 octobre 1946.

<sup>1</sup> Preceding document.

<sup>2</sup> This memorandum was sent to the Delegation to the General Assembly of the United Nations on October 26, 1946.

that the Americans will not agree to the further allocation or distribution of relief supplies by an international agency over which the United States might not have adequate control. This will avoid, it is hoped, the use of American funds by an international agency to finance the consolidation of regimes or policies with which the United States is not in sympathy. This policy also emphasizes that relief and rehabilitation should give way as smoothly and rapidly as possible to reconstruction, and that national governments should receive every encouragement to work toward self-supporting economies in their respective countries.

2. On the other hand, this policy may make the western nations vulnerable to attack on the propaganda front in Europe. The emphasis, in the winding up of relief, on the return to "normalcy" and to "regular business methods" can easily be misinterpreted as a lack of sympathy on the part of the western democracies with the real needs of European peoples. Any western denial of claims by certain countries that they are unable to pay, can and probably will be presented to the peoples of these countries as denial of, or indifference to, their shortages and hunger—which will no doubt be real enough. This policy may give effective propaganda weapons not only to the press of Soviet-dominated regimes but to the Communist press in Italy, Greece and Austria. It may also to some extent serve to discourage and demoralize the moderate elements in Europe.

3. Already a major line of Soviet propaganda in Europe, the Middle East, and South America, is that Western policy is inspired primarily by strictly commercial ambitions and a capitalist desire to "exploit". A second line, in Europe, is that the rich Western nations are incapable of appreciating, as Russia does, the real needs of poor peoples. A Western relief policy ostensibly based solely on narrow interpretations of "ability to pay" can easily be misinterpreted to support this campaign, the effectiveness of which should not be underestimated. Majority and minority reports of Assembly committees on relief will moreover give an opportunity to the U.S.S.R. delegation to pose as more generous and realistic than the West.

4. The United States decision to terminate UNRRA has been based, in part, on a feeling, held particularly in Congress, that certain aspects of UNRRA policy have involved the use of American surpluses for political purposes contrary to the interest of the western democracies; that considerations of relief have been subordinated in certain receiving countries to considerations of politics. The argument would run that sending UNRRA supplies to, for instance, the Ukraine and Byelo-Russia has inevitably facilitated in proportion the use of the Soviet national income for armaments and the use of Soviet manpower for the maintenance of large occupational troops in eastern Europe, and has thus assisted the consolidation of "undemocratic" regimes in this area. The delivery of UNRRA supplies to the Yugoslav Government, and possibly the Polish Government, may also be considered in this light.

5. To the extent that the decision of the U.S.A. to terminate UNRRA is in fact motivated by considerations such as these, (or by appreciation of the

reluctance of Congress to vote funds, which may come to the same thing) reticence about the motives may tend to confuse public opinion both in North and South America and in Europe. In the public opinion field, this reticence may, it can be argued, lose the opportunity otherwise provided to stiffen moderate elements in Europe, and in fact may contribute to their gradual demoralisation.

6. On the other hand, any public declaration that the above considerations should determine relief policies would be an open avowal that relief is to be used by supplying countries as an agency of politics. Certainly no Canadian delegation could associate itself with such an avowal, no matter what advantages might seem to lie in bringing this matter out in the open.

7. If this is true, then the best policy would seem to be a strict adherence to the line that relief is outside politics; but it will be granted only to nations which demonstrate beyond doubt their need and their financial inability to look after themselves. Any receiving nation which uses the relief so granted for political ends does so on its own responsibility.

8. It may be true, as pointed out above, that this will give the U.S.S.R. material for propaganda. We will, however, have to accept that risk adopting counter-propaganda tactics, if necessary, to neutralise as far as possible its effects. The western democracies certainly do not have to remain on the defensive in so far as relief policies are concerned, both as to what they have done in the past and are prepared to do in the future when the need is demonstrated.

L. B. P[EARSON]

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*Le consul général à New York au secrétaire d'État par intérim  
aux Affaires extérieures*

*Consul General in New York to Acting Secretary of State  
for External Affairs*

TELEGRAM 34

New York, October 27, 1946

SECRET. ASDEL No. 22. Following for Mr. Pearson from Mr. St. Laurent, Begins: Your letter of October 19th, concerning international relief.

I have discussed this matter with the Prime Minister. Our feeling is that the Canadian Government will wish to take the same attitude towards relief problems as has been adopted with regard to the International Refugee Organization. That is to say, if an international solution can be found, Canada would not wish to shirk any responsibility from her membership in the United Nations. If, however, the United States tactics described in the draft telegram enclosed with your letter, were to result in a decision to leave the means and methods of satisfying 1947 relief needs entirely to individual Governments, this delegation is not authorized to make any

advance commitment, even of a general nature. I should, accordingly, suggest that the last two paragraphs of your draft telegram might be revised as follows:

“8. The Canadian Government would be prepared to give an assurance, through its delegation to the United Nations, that Canada would be ready to bear her fair share of meeting 1947 relief needs if this is to be done by cooperative international action to discharge what would, in fact, be recognized as a responsibility of the United Nations. If the problem is to be left to individual Governments to handle as they see fit, the action to be taken by the Canadian Government would be a matter for decision after the position of the United Nations, with respect to its responsibility had been made clear.

9. The Canadian delegation is disposed to give general support to the main lines of United States tactics so far as they are directed towards the setting up by this Assembly of a Committee of Experts to examine relief needs. The establishment of a Committee composed of Nations who have been the principal suppliers in the past, which would presumably work along the lines of the Combined Boards and the International Emergency Food Council and would thus furnish international coordinating machinery, may be desirable. We would point out, however, that we are not in the same position as the United States Government (described in paragraph 7 (G) of your draft telegram.) The Canadian Government has no army funds which could be used for relief and has not yet decided to recommend to Parliament the voting of funds for relief purposes in addition to the votes that may be required for discharging Canada's obligations under the United Nations.” Ends.

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

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

TELEGRAM WA-3899

Washington, October 31, 1946

IMPORTANT. My WA-3854,† October 28th, and previous teletypes concerning post-UNRRA relief.

Dallas Dort, State Department adviser on Relief and Rehabilitation, informed Murray, yesterday, that the State Department is now ready to enter into detailed talks with us on relief measures for 1947. Dort said that although this invitation was made as an informal request, nevertheless, it is a request, and they would like to start these talks, “preferably on a high level”, as soon as possible.

We indicated that, provided it is possible for Mr. Bryce to fit this into his already heavily overcrowded time-table, the preliminary talks might start

some time during the first half of the coming week. At that time, the State Department is ready to give us all the information they have as well as what they plan to do and, of course, what they wish to have us do. They would hope that at a later date, when we had given full consideration to their suggestions, we would enter into final talks with them.

We have, for some little time now, been telling the State Department people that it is very unlikely that the Canadian Government would enter into bilateral relief arrangements which would involve definite and, perhaps, fairly considerable commitments by Canada. We have said that it is more likely that we would be prepared to shoulder our share of any obligation which was agreed upon on an international basis. Assuming this to be our position, we may soon find ourselves attacking the United States for bilateralism in relief while they continue to attack our bilateral trade deals.

I should be glad to know whether you consider that detailed talks with the United States are timely, and if so whom you wish to have take part in these preliminary talks and what dates would be satisfactory.

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

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

TELEGRAM EX-2752

Ottawa, November 2, 1946

SECRET. Following for Wrong from Pearson, Begins: Your teletype WA-3854,† Post-UNRRA relief talks.

I think we should treat with great caution any United States efforts to get us to commit ourselves to meeting any definite proportion of relief needs in 1947. It is one thing to participate in the United Nations relief effort; it is quite another to associate ourselves with the U.S. and U.K. exclusively in any arrangement; especially as U.S. relief policies now seem to be determined to a considerable extent by political considerations. It is to be hoped therefore that in any talks in Washington you will not make any commitments of any kind either in principle or in detail.

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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*

Ottawa, November 4, 1946

Dear Mr. Wrong,

With reference to your teletype No. WA-3899 of October 31st and previous correspondence in regard to international relief, I am enclosing, for your

information, a memorandum to the Canadian Delegation to the General Assembly concerning international relief questions after the termination of UNRRA.† This memorandum was based on the enclosures contained in my letter of October 19th,† and in particular on a draft telegram to the Canadian High Commissioner in London on relief questions.<sup>1</sup> The draft telegram was discussed by Mr. St. Laurent with Mr. King in New York, and the last two paragraphs of the memorandum are the result of Mr. St. Laurent's comments. You will notice that changes have been introduced in the early part of the memorandum in accordance with suggestions which we have received from you. We have also learned from the delegation in New York that the United States delegation is determined that Congressman Bloom's committee of the United Nations on UNRRA shall not, if possible, be asked to consider relief questions at any stage of the discussions.

The enclosed memorandum will now replace the draft telegram to the High Commission as a statement of Canadian policy on relief questions. I am grateful for the comments which we received from your Embassy in reply to my letter of October 19th. These have helped us materially in clarifying our understanding of the American position.

Yours sincerely,

R. G. RIDDELL  
for the Under-Secretary of State  
for External Affairs.

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*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 107

New York, November 5, 1946

SECRET. ASDEL No. 72. Following for Pearson from Reid, Begins: Post-UNRRA relief. Following our telephone conversation of yesterday afternoon, I have given Mr. St. Laurent the following memorandum, Begins:

Following our conversation at lunch today, I telephoned Mr. Pearson at 5.00 o'clock this afternoon. He is glad to learn that you approve heartily of the warning which he gave Mr. Wrong in his teletype to Washington.

He tells me that he has already sent to Mr. Wrong the text of the memorandum† to the Canadian delegation which was sent us in DELAS No. 51.† He also talked to Mr. Wrong over the telephone today and he is going to phone him again today to ask him to make it clear to Clayton that the Canadian Government is not in a position to go along with the United States in the kind of proposal which they are making for a tripartite

<sup>1</sup> Voir la pièce jointe, document 656.

<sup>1</sup> See enclosure, Document 656.

arrangement. Mr. Wrong will make certain that Clayton is under no illusion about the Canadian position if the United States goes ahead with its present proposal for a tripartite commitment.

I pointed out to Mr. Pearson that we, no more than the United States, could provide funds for relief in 1947 until our legislature had met and approved the necessary appropriation.

I also passed on to him the idea that if relief funds for 1947 were to be met by co-operative international action under the auspices of the United Nations, it might be possible for the General Assembly to authorize an advance from the working capital fund to cover at least part of the relief needs until the Parliaments concerned had passed the necessary appropriations.

Finally, I said that after Mr. Wrong had got Clayton's reaction to our warning, we might be in a better position to decide on our future course of action. One possible course of action, which you might perhaps wish to consider after we have Clayton's reaction, would be for us to tell Clayton informally that we can see no way out of our own special difficulties, except by the establishment of a temporary International Relief Organization for 1947. The Convention establishing such an Organization could contain a provision that it would not come into effect until ratified by a certain number of States whose contributions totalled a certain percentage. Moreover, it should not be impossible to draw up the Convention establishing such an agency in such a way as to meet some of the United States desiderata. Thus each contributing State might be given the right, if it so desired, to distribute every item of goods purchased by its contributions. Each State might also be given the right to select the States to which the goods purchased by its contributions go. The United States would presumably wish to exercise these two rights. Other States might not wish to exercise them. Ends. Message 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 EX-2768

Ottawa, November 5, 1946

SECRET. Following for Wrong from Pearson, [Begins:] Your teletype WA-3899, post-UNRRA relief.

I agree that the talks with the United States authorities, to which you refer, should take place as soon as possible. For that purpose, I hope that you and Bryce, when he arrives, will be able to see Clayton and possibly dispel some illusions about our position on post-UNRRA relief which he still seems to entertain. This position is quite clearly outlined in the memorandum† to our delegation concerning this subject, a copy of which you

have received, and there is little likelihood of the Government departing from that position. There is certainly no disposition here to enter into any bilateral or tripartite relief arrangements by which we will bear a fixed share of the cost. If the United States authorities, because of Congressional difficulties, can have nothing further to do with even informal international action in respect of relief matters, that is their concern. It would be equally difficult for us to participate in any other kind of arrangement. The alternative to accepting responsibility as part of a United Nations effort, is for Canada to do what it thinks best as the situation develops. In any event, it will be as difficult for us as for the United States to provide relief funds before the necessary legislative appropriation has been made, nor have we any Army funds for this purpose. I wonder whether Mr. Clayton might react sympathetically to a proposal for the establishment of some temporary international relief committee for 1947? The convention establishing such an organization might contain a provision that it would not come into effect until ratified by a certain number of states, whose contributions totalled a certain percentage. Furthermore, it should be possible to draw up such a convention in such a way to meet some of the United States desires. For instance, each contributing state might be given the right, if it so desired, to distribute every item of goods purchased by its contributions. Each state might also be given the right to select the states to which the goods purchased by the contribution go. The United States would presumably wish to exercise these two rights, though other states might not.

I have some doubt whether Clayton will react very favourably to a proposal such as the above, but you might try it out on him.

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*Mémorandum du directeur, la direction économique, le ministère des Finances*

*Memorandum by Director, Economic Division, Department of Finance*

Washington, November 9, 1946

MEMORANDUM ON DISCUSSION TODAY WITH AMERICANS  
AND BRITISH REGARDING POST-UNRRA RELIEF

I discussed this subject first today, before lunch, with Hume Wrong and Murray at the Embassy and we went over the main lines of Canadian policy and the main problems as shown in the various messages now on our files. In general, we noted that the Canadian Government policy was that, all that we could say at this time would be that Canada would be ready to bear her fair share of meeting 1947 relief needs, "if this is to be done by international action to discharge what would in fact be recognized as a responsibility of the United Nations", while if the matter is to be dealt with by governments individually the question would have to be decided by the government later.

We agreed however, that we should find out what we could from the Americans of their intentions, and what they wished us to do, and should explain to them the position of our government, so far as it is yet determined, along the lines indicated above, and point out the difficulties that we should face, for example, in connection with appropriations and indicate that Canada's action would be helped if a number of other countries, as well as the U.S. and U.K., were willing to participate. We noted Pearson's suggestion of a temporary International Relief Committee for 1947, and thought this might be explained at some stage if it seemed likely that the Americans might be interested.

It was not possible to arrange a meeting with Clayton today due to his illness earlier in the week, and his very crowded agenda. Mr. Tyler Wood and Mr. Dallas Dort had asked however, if we could see them and it was agreed that Murray and I should do so at 2:30 this p.m. It was also arranged that we should see Mr. Roger Makins of the British Embassy later in the afternoon at Wrong's office.

The discussion at the State Department from 2:30 to 3:45 p.m. was most interesting and useful. The Americans first asked us what our present position was and I endeavoured to tell them, explaining the Government's attitude so far as it had been determined as indicated above, explaining that we did not have sufficient independent information to come to independent judgement regarding relief needs, but that broadly speaking we did not see any objection to the estimates of requirements for relief being prepared by the Americans so far as we know them. These figures were discussed later and included estimates of relief requirements (aside from the requirements that might be reasonably financed by loans) of—

\$150 to 200 million for Italy  
135 to 150 million for Austria  
75 to 100 million for Poland  
and say, — 50 million for Greece.

I told them of our problems regarding appropriations and discussed with them the timetable that might be conceivable if our Government were prepared to go ahead. In answer to their questions I indicated that under some circumstances it might be possible for us to make some shipments very late in March out of further supplementary appropriations for the current fiscal year. I told them that we had no appropriations now from which we could finance any relief sums. I indicated that in general, our Government would favour dealing with this problem through some international organization or agency, rather than by independent action by the various governments, and that such international action would make it easier to get an appropriation from our Parliament.

After getting a preliminary idea of our situation the Americans then went on to tell us of their plans and hopes. They had come to the con-

clusion that not only should UNRRA terminate, but any future relief should be provided directly from the supplying financing governments to the receiving governments and be covered by a specific agreement between the two of them. They did not wish therefore, any international agency or organization involved and would be prepared explicitly to oppose any such agency being set up. They did wish very much however, to see other governments also providing relief and indeed, felt that funds could hardly be obtained from Congress unless it was possible to assure Congress that other governments were also taking action along this line. They wished to consult with other governments about the matter, to exchange information and to concert their efforts with others, and if possible, reach some sort of agreement on the size, nature and direction of the relief that would be granted by the various supplying countries. They hinted, at least, that they would plan to discuss this even with the USSR as a possible supplying country. They said they had already been talking to the British about it. They had also been talking to the British about the means of approaching still other potential supplying countries, particularly the Swedes, Swiss and Argentine, and they were anxious to see these in as well as other potential supplying countries, such as Australia and Brazil. They thought the best means of approach would probably be to have the countries in need take the initiative in approaching these other potential suppliers and then the U.S. and probably the U.K. could approach those third countries about the overtures that had been made to each of them by the countries requiring relief. I emphasized that from our point of view it would be advantageous to have as many countries in as possible from the supplying end and they quite agreed that the same would be true from their point of view. They feel that they are going to have a hard time getting funds from Congress for relief at all and that it would be simply impossible, particularly with the Republicans now in power in Congress, to get relief for distribution through an international agency. They believe they will have a harder time now than they had in getting appropriations for UNRRA and that they only hope to get anything at all by being able to assure Congress that the U.S. Government itself will be in complete control of the operation and then get direct assurance regarding the distribution and use of supplies from U.S. Embassies abroad who will observe the use made of the supplies provided. They apparently feel that there is some hope of getting support from those who favour direct relief arrangements, and from those who looked with disfavour upon UNRRA. In addition they feel that an agency like UNRRA would find it almost impossible to give relief only to countries which it is now thought need aid, i.e. the ex-enemies and Greece which is unpopular with all the other Eastern countries and possibly Poland. Moreover, there would hardly seem to be time to get a new organization established and operating quickly enough to have shipments made in the months of March, April and May when they are most urgently needed.

The U.S. would like to have the Canadian Government indicate its willingness to share the relief burden and provide supplies to countries needing

them in action parallel to that of the U.S. They would like to discuss with us, as indicated above, the value and nature of the supplies we might contribute in relation to the needs of the various countries. They would hope that we could take action soon enough so as to help meet the urgent requirements in March, which would be the difficult period for them to meet if they have delays in Congress. I explained that as yet, of course, the Government had not considered the sort of questions which they had put up to us and quite apart from the view our Government might take on the substance of it they might be reluctant to take action on the matter before it is known if the U.S. Congress will approve an appropriation. Mr. Wood and Mr. Dort recognized our problems on this point and said that with Congress meeting early in January it might be possible for us to have some knowledge of Congress' reaction before the Canadian Parliament had finally to commit itself. They hoped that any actual waiting on Congress could be left for our Parliament, and that our Government could express its intentions of recommending this action to Parliament before Congress acted.

I asked the Americans if they would see any insuperable political difficulties in granting relief to Poland if Poland showed evidence of needing relief. They said this matter of policy was not yet settled but they did not believe there would be any insuperable objections. I noted that it was a happy coincidence that there was no evidence of real need on the part of Yugoslavia and they all laughed. Congress of course would find it very hard to approve relief to Yugoslavia now. I asked about Hungary and they thought some share for her would not be out of question if the reparations problem and related problems were straightened out and they had some hope that this might be possible. From remarks which they made in other connections about Czechoslovakia I gathered that there was no question of her being in need. It should be noted however, that from what these men said and from what I was subsequently told, Wood and Dort, particularly the former, are probably the men in the State Department most keen on dealing with this problem on a humanitarian basis and keeping politics out of relief. Makins later told me (see below) that the State Department seemed now to be planning to go to Congress for funds for relief for Italy, Austria and Greece, "and perhaps Poland if real need should develop there."

When I asked about procurement for these relief supplies the Americans said they hoped they could establish dollar accounts for those countries and let them do their own purchasing and arrange their own shipping. They admitted however, that while Italy, for example, might be able to do this it was quite possible that Greece and Austria at least, would need help in procurement and shipping. Murray enquired whether the U.S. would see grave objections to funds provided by U.S. being expended elsewhere. The Americans thought that under present circumstances their Government and Congress might not object to expenditure being made elsewhere.

Murray enquired as to the State Department's views on the UNRRA estimates of expenditure and the Americans said they considered they were not reliable at all. This question arose first in connection with the Yugoslav requirements and Dort said that UNRRA had simply taken figures which the Yugoslavs had prepared, using first round figures for imports which they then broke down into various items that looked reasonable to them.

I asked whether, in such cases as that of Greece, the Americans would insist upon any evidence of improved handling of economic affairs in the country as a condition of giving relief. They thought no condition would be attached except to see that the relief itself was properly distributed, but I asked what consumption standards they had in mind in deciding upon relief needs and they said that the scale they were using was based upon 2000 calories a day, at least for urban residents. This was lower than the UNRRA objective, although perhaps no lower than what UNRRA had actually been able to achieve in most of the countries they were assisting. It was not the minimum possible standards to support life, as witnesses the standards in Austria and Germany, but they felt it was low enough to set as a standard for the purpose we have in mind.

After leaving the State Department, Murray and I went directly to Hume Wrong's office where we met him and Roger Makins of the British Embassy. I described rather briefly and frankly our discussion at the State Department, understanding that the British were being informed of the State Department views on the matter. Makins commented on his views of the matter and filled in some of the details, particularly about questions which they had taken up explicitly. He said in particular, that the U.S. had suggested that the U.S., U.K. and Canada should agree to assume financial responsibility proportionate to that which they had assumed from UNRRA, but that he had, on instructions from his Government, told the State Department that the U.K. could not now afford to carry such a substantial portion of the burden. He had told them that the U.K. felt that it would be able to provide some wool and possibly some other commodities to countries such as Austria, including coal from Germany, if production permits,—that it might find them some items from U.K. surpluses and that it might extend to Austria, for example, a modest sterling credit, but that it could not undertake in advance to make a financial contribution in the way and in the proportion to that which the U.K. had made to UNRRA. I told him that I had deliberately avoided any discussion with the Americans at this stage about the relative magnitude of the share we would undertake in this matter, as I felt it was still necessary for us to decide upon the principle and upon the general nature of the arrangements. Makins went on to say that the approach which they had discussed with the Americans would be to suggest that Italy should approach the Argentine to get some help and that Greece and Austria should approach Switzerland and Sweden as well as the three of us. After this had been done the U.S. and U.K. could then

approach Switzerland, Sweden and the Argentine referring to the requests that had been made to each side by the country in need. Makins said their ministers in Sweden and Switzerland had reported that those countries already felt they had done enough. At this stage I did not ask where Poland fitted in but after indicating that this seemed a practical arrangement I enquired why they were not thinking of Australia. Makins seemed to feel that Australia should not be expected to help, for some reason that was not altogether clear to me, but it may be because they feel that Australia could only help by buying dollars from the U.K. for sterling with which to purchase supplies. He said that Australia did not have supplies available for shipment to Europe at present, but they were shipping all the wheat they could to India. I said I thought we should not let these physical supply difficulties stand in the way of a reasonable sharing of the financial load and said that we for example might find very real physical difficulties in supplying wheat, but that I thought that should not be a reason for Canada not participating. He admitted that Australia was not, as far as he knew, carrying any relief responsibility in the Southeast Asia area. Wrong asked him about Egypt and Makins did not believe that much could be done with Egypt. There was a brief allusion by Wrong to Australia contributing from some of its sterling in London but this was not followed up. We enquired about the possibility of bringing in South Africa, but Makins said it had been difficult to get them to contribute even to UNRRA to which they had not made a second contribution and they were short of food supplies themselves. I pointed out their favorable financial position and suggested light-heartedly that they might make a contribution in gold, that being one of their major products of which they had an ample supply on hand.

Makins said that the U.K. now as well as the U.S. did not wish to meet this problem through an international agency but rather, somewhat along the lines proposed by the U.S. (doubtless with suitable modifications to reduce the U.K. share). He said Bevin, in the House of Commons, had indicated officially that the U.K. felt the proper machinery for relief should no longer include an international agency such as UNRRA.

Following this discussion it was agreed that Wrong would not ask to see Clayton immediately, as we now had a fairly good idea of each other's position in the matter and it was desirable for Canada to consider the whole question further. I said it would be hard to get any definite opinions, much less decisions out of our Minister at present, but that we might be able to get some initial reaction and find out what further questions they would like us to explore before we come to any decision on this matter. We did not consider it practical to put forward, at this particular stage, the suggestion which Pearson had raised of an Emergency Relief Committee for 1947 because it now appears as though neither the British nor Americans would be prepared to support any formal organization that would not be more than just a consultative body of supplying countries.

It was agreed that I would attempt to discuss this question with Clark and Pearson again next week and also endeavour to get preliminary views of Ilsley and Mr. St. Laurent who is expected to be back in Ottawa for a time next week from New York.

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DEA/9255-40

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 167

New York, November 13, 1946

IMMEDIATE. SECRET. ASDEL No. 113. Following for Mr. Pearson, Begins: Post-UNRRA relief.

1. I give below the summary of recent developments in the relief question which you may wish to discuss with Mr. St. Laurent and Mr. Martin.

2. Mr. R. B. Bryce of the Department of Finance has had a number of conversations with Mr. Clayton and others in the State Department on this subject and reported to us last Saturday night (November 9th). At that time, the State Department was quite determined on opposing any international agency to meet relief needs in 1947. At this General Assembly they proposed to concentrate on securing the nomination of the "Committee of Experts" to examine relief needs which would report, not to the United Nations, but to individual Governments. They recognized that there would be relief needs in 1947 and proposed to approach Congress with the suggestion that the United States should make an appropriation to meet them, not, however, through any international agency. As a reinforcement of their position, they thought that it would be useful if they could say, when Congress was approached in January, that the Canadian Government was also requesting funds from Parliament for relief. They might, therefore, attempt to secure some kind of advance assurance that the Canadian Government would be prepared to request an appropriation at an early stage in the session.

3. Mr. La Guardia in his speech to Committee No. 2 on November 11th, strongly condemned this approach and offered instead a plan for a United Nations Emergency Food Fund of four to five hundred million dollars. A summary of his plan is given in the *New York Times* of November 12th. It seems inevitable that the U.S.S.R. will welcome the proposal and thus throw upon the United Nations the onus of appearing to refuse any recognition to the needs of deficit countries and to intend to use food supplies as a political weapon.

4. The plan would be fully consistent with the Canadian policy to date, provided the United States were willing to cooperate. Talks with members

of the United States delegation here in New York, however, indicate that the United States Government would be most firmly opposed to the establishment of the suggested fund. Informal enquiries made of Mr. Tyler Wood of the State Department have elicited a similar and very decided answer. State Department policy is based upon the unshakeable conviction that Congress will never consent to vote relief for distribution by an international agency. It appears, therefore, that we may be called upon, possibly fairly soon, to indicate what the attitude of the Canadian Government would be towards the proposal outlined in paragraph two above. Ends.

**667.**

DEA/2295-AJ-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-4056

Washington, November 14, 1946

Canadian membership on the Committee of the Council of UNRRA for the Far East.

I am quoting below the text of an airgram received by the Department of State from their Consulate General at Shanghai, on the desirability of having Canada represented on the Far Eastern Council. Begins:

General Odlum, retiring Canadian Ambassador, is reported in recent press interview to have stated in response to direct enquiry, that question of Canadian membership on the UNRRA Committee for the Council of the Far East had never been raised and that Canada did not participate in the activities of the Committee because it had not been invited to do so. The membership of the Committee is established by Resolution of the UNRRA Council, and when the Committee was last reconstituted by Council action at the third session in London, Canada was not included.

This matter was specifically though informally raised with General Odlum by the UNRRA Liaison Officer of the Consulate General in Nanking last June. The latter observed that Canada had been very active in UNRRA activities elsewhere and that it, therefore, seemed desirable to propose Canadian membership in the Far Eastern Council at the August meeting of the UNRRA Council. General Odlum demurred on the ground that he already had more responsibilities than he could effectively carry, and the proposed action was, therefore, not initiated.

It is suggested that in view of the matter having been raised again, the Canadian Ambassador in Washington be consulted and that Canada's membership on the Far Eastern Council be approved by Central Committee Resolution prior to the scheduled CCFE<sup>1</sup> meeting on November 13th, if possible. Ends.

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<sup>1</sup> Committee of the Council for the Far East.

I believe that General Odlum reported some time ago on requests which he had received to have Canada become a member of the Far Eastern Council, so that we could take a more active part in UNRRA activities in China. As UNRRA shipments will be going to China until late in 1947, the Far Eastern Council will, presumably, be active for quite some time. If we wish to seek this membership we should inform the Administration at an early date so that our application could be placed on the agenda of the Sixth UNRRA Council now scheduled to meet in Washington on December 10th. I should be grateful for your instructions. Teletype ends.

668.

DEA/2295-AJ-40

*Mémorandum de la troisième direction politique au sous-secrétaire d'État  
aux Affaires extérieures*

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

Ottawa, November 16, 1946

CANADIAN MEMBERSHIP ON THE COMMITTEE OF THE  
COUNCIL OF UNRRA FOR THE FAR EAST

Teletype No. WA-4056 of November 14 quotes the text of an airgram received by the Department of State from their Consulate General at Shanghai raising the question of Canadian representation on the Far Eastern Council in view of recent statements made to the press by General Odlum.

You may recall that we sent you on July 30 copies of three despatches from General Odlum urging that consideration be given to Canadian representation on the UNRRA Committee of the Council for the Far East. We asked for your views on the advisability of our arranging for a member of our Nanking Embassy to sit on the Council. We do not appear to have received a reply. For your convenience I attach a copy of our letter together with the enclosed despatches.

I think there is a good deal to be said, now that the matter has been raised by the United States Government, for our seeking membership. It would not be inconvenient for Dr. Patterson to attend meetings in Nanking. He already is a member of the Advisory Committee in China for the Canadian Red Cross and Chinese War Relief Fund so is quite familiar with the important part Canada has played in voluntary relief in China. Membership on the Committee should not involve us in any further commitments and would at least make our Chinese friends and others more aware of the magnitude of Canadian contributions both in relief supplies, money and personnel to UNRRA.

I attach a draft teletype to Washington<sup>1</sup> requesting them to inform the Administration of UNRRA that we would be glad to accept membership on the Council of UNRRA for the Far East.<sup>2</sup>

A. R. MENZIES

669.

DEA/9255-40

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 124

Ottawa, November 16, 1946

DELAS No. 81. Following for Reid from Riddell, Begins: Your ASDEL No. 113 of November 13th, Post-UNRRA relief.

1. This question has been discussed here by Pierce, Bryce and myself and we have agreed on the following views, in which Mr. Pearson concurs. Subject has not, however, been discussed with either Mr. St. Laurent or Mr. Martin.

2. In regard to paragraph 2 of your telegram under reference, we feel that Canada should withhold decision on United States proposals until question has been dealt with by the Assembly. In the meantime Delegation should continue to support view that matter is one which should be dealt with by appropriate international agency. This view is strengthened by report from Mr. Wrong that Acheson is not as completely opposed as Clayton to some form of international action.

3. If Mr. La Guardia's plan for a United Nations Emergency Fund is presented to the Assembly in the form of a resolution and opposed without compromise by United States and United Kingdom, question will then arise whether Delegation should join U.S.S.R. and Eastern European countries in supporting this resolution. It is our view that if United Kingdom and United States indicate that they will oppose resolution for establishment of a United Nations Emergency Food Fund or any equivalent organization, Canadian delegation should state that proposal is obviously impractical if two most important supplying countries are opposed to it, and that it will, therefore, abstain though in principle Canada is in favour of an international agency.

4. If United States proceed with their suggestion that discussion of relief needs should be referred to committee of Experts appointed by Assembly, question may arise of Canada being member of that Committee. It is our view that since Canada will be important supplying country it cannot refuse membership on this Committee of Experts even though findings of committee

<sup>1</sup> Voir le document 671.

<sup>2</sup> Note marginale:

<sup>1</sup> See Document 671.

<sup>2</sup> Marginal note:

may be of little importance. Delegation should, therefore, accept membership even though it may be difficult to appoint a Canadian representative on Committee who is fully conversant with food and relief questions. Ends.

670.

DEA/9255-40

*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-4058

Washington, November 17, 1946

SECRET. I had a brief but interesting conversation this afternoon with the Acting Secretary of State concerning relief problems in 1947. Mr. Acheson confirmed that the United States Government was strongly opposed to the adoption of Mr. La Guardia's proposals of earlier this week. He made the following points against the La Guardia scheme:

(1) The pledges given to Congress that the last UNRRA appropriation would be the final one and the impossibility of securing any funds from Congress for the distribution of relief by an international agency composed of both suppliers and consumers. (2) The fallacy that relief was not an inter-Governmental matter. He said that La Guardia put forward his plan as a means of fulfilling an international obligation to feed starving people. In fact, the problem was now essentially a question of balance of payments and what was required was to aid those countries financially which could not find by any other means the requisite foreign exchange for the purchase of essential supplies. (3) The impossibility of keeping China out of any scheme of the type advocated by La Guardia. He said that on the basis of these proposals China could advance enormous claims for relief supplies, whereas the Chinese situation was entirely different if one looked at it from the point of view of balance of payments. They could secure a five hundred million dollar loan from the earmarked funds here if they were "sensible" and agreed to spend their resources wisely.

He then outlined their own plans with which you are generally familiar. They were ready to seek an appropriation from Congress of perhaps 450 million dollars and proposed to discuss the whole question with Congressional leaders before the opening of the Session. They would tell them that the funds were needed primarily for Italy, Austria and Greece which had otherwise insoluble balance of payments problems during 1947. They would, however, seek to be left free both to assist other countries where need was established and to spend some at least of the appropriation for procurement outside the United States. I asked him about Poland. His view was that if the Poles would ship their coal westwards in return for foreign exchange instead of sending it eastwards they ought to be able to finance their deficits. Alternatively, they could manage if they sold their coal to the Russians for gold instead of giving it away. He did not exclude the possibility, however, of some aid for Poland.

I told him that our position was in many ways the reverse of theirs, in that it was a great deal easier for us to contribute to an international relief agency. I said that we were ready to meet our fair share of relief in 1947 if it were done by international action. We would be reluctant, however, to enter into any scheme of bilateral or tri-partite relief. I asked him whether he thought the United States would agree to join in setting up some sort of an international agency limited in membership to supplying countries. Rather to my surprise he answered that he saw no objection to this and felt that the United States would be perfectly ready to participate in a group consisting of countries such as Canada, Australia, Argentina, New Zealand and any others ready to assist—even Russia if she were prepared to be a contributor and not a claimant. He doubted whether the United Kingdom would be able to do much and appeared to envisage the possibility that the United Kingdom would not join such a group. The functions of this agency might be in general to seek to agree on what countries ought to be assisted, on the extent of assistance needed, and on whence the assistance could best come. He said that he would be glad to go into this matter further together with Mr. Clayton, who was at present in New York.

It occurs to me in the light of this conversation that you might consider a slight alteration in the instructions given to the Canadian delegation in New York on this subject. These instructions included the statement that Canada would be prepared to do her fair share in 1947 “if this is to be done by international action to discharge what would, in fact, be recognized as a responsibility of the United Nations”. It seems to me that it would be preferable if the last phrase were altered to read, “as an international responsibility”, since it is certain that the United States will not co-operate in any body including countries other than the suppliers.<sup>1</sup>

La Guardia is certainly far from popular in the State Department and Acheson said that they had done their best to dissuade him from putting forward his proposals in the form he adopted. He also remarked that his suggested sum of four hundred million dollars would be wholly inadequate if relief were to be conducted next year on the lines advocated by La Guardia and that probably not less than a billion dollars would be needed.

Acheson's emphasis on the balance of payments aspect of relief for 1947 was new to me. He appeared to regard the balance of payments position as the sole criterion which should be applied. This carried with it the inference that if a country could find foreign exchange by re-directing exports (such as Polish coal) or could secure loans by meeting reasonable conditions laid down by the lender (as in the case of China), no assistance would come from United States funds until the desired action has been taken. This would amount, of course, to a potent form of political pressure.

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<sup>1</sup> La suggestion de M. Wrong fut accueillie favorablement mais il n'y a pas eu de suite à cause d'événements subséquents.

<sup>1</sup> Mr. Wrong's suggestion was favourably received but not acted upon because of subsequent events.

671.

DEA/2295-AJ-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-2890

Ottawa, November 19, 1946

Your WA-4056. Canadian Membership on the Committee of the Council of UNRRA for the Far East.

2. As the United States has raised with you now the question of our membership on this Committee, and in view of the substantial contributions Canada is making toward UNRRA activities in the Far East, we consider it would be appropriate for you to take up with the UNRRA Administration the question of placing on the Agenda of the Sixth UNRRA Council Session scheduled for December 10 in Washington, the application of Canada for membership on the Committee of the Council of UNRRA for the Far East.

3. Kindly inform us when this matter has been approved by the UNRRA Council in order that we may advise our Embassy in Nanking to nominate an officer to attend future meetings.

672.

DEA/9255-40

*Le secrétaire général, la délégation à l'Assemblée générale des Nations  
Unies, au sous-secrétaire d'État aux Affaires extérieures*

*Secretary-General, Delegation to the General Assembly of the United Nations,  
to Under-Secretary of State for External Affairs*

SECRET

New York, November 20, 1946

Dear Mr. Pearson,

1. I thought you might like to have some information concerning the delegation meetings which were held on November 15th and 16th. They centred around the discussion on post-UNRRA relief.

2. Preliminary discussions were held in the delegation on November 15th on the draft speech prepared for Mr. Martin by Mr. Mackenzie, in the course of which Mr. R. D. Murray made an excellent exposition of the case for the bilateral relief arrangements proposed by the United States. Senator Haig agreed with the general tenor of the draft speech and with the conclusion:

Despite this situation, I can say that Canada stands ready to contribute its fair share of a concrete plan for meeting relief needs in 1947, if such a plan is adopted by this Assembly and is international in its form and scope.

At the end of this meeting it was decided, on the suggestion of Senator Haig, that Mr. Murray and Mr. Mackenzie should revise the statement.

3. When the matter was discussed with Mr. Martin after his return from Ottawa on November 15th, Mr. Martin at first agreed with the revised draft speech, but on second thought and in view of certain Cabinet discussions, he wondered whether it was in accordance with government policy. He, therefore, spoke with Mr. St. Laurent who told him that his understanding of the decision of Cabinet was that, if the General Assembly decided to solve the post-UNRRA relief problem by an international organization under the auspices of the United Nations, then the Government of Canada would be prepared to assume its fair share of the obligation; the delegation should, however, in no way press for the establishment of such an international organization. Mr. St. Laurent then agreed that the matter should be thrashed out at the delegation meeting in the morning.

4. At the delegation meeting Mr. St. Laurent stated his understanding of the Cabinet view as it is given above. Senator Haig entirely agreed with the position as summed up by the Chairman and said that we should remain silent on this issue. He thought that we were playing with "political dynamite" and that it would be much better to say nothing.

5. Some members of the delegation, however, argued that under bilateral arrangements, the Canadian taxpayer stood to lose more money than under an international relief organization sponsored by the United Nations. Others argued that it would be inappropriate for Canada, as the third largest contributor to UNRRA, to remain silent in this general debate on the relief question. Moreover, by stating our views at this point in the debate, we might pave the way for a compromise solution.

6. After these comments Mr. St. Laurent started examining the speech in detail and made certain changes, notably in the conclusion, which was finally drafted to read:

Despite the situation, if a concrete United Nations plan for meeting genuine relief needs in 1947 is adopted by this Assembly and is in fact international in its form and scope, Canada, to the extent that prevailing conditions permit, will participate in its implementation.

7. Some members of the delegation seemed to feel, on reviewing these discussions, that they had led to a split, on one point at least, in the Canadian delegation. Others considered that the meetings had afforded a real opportunity for the discussion of Cabinet's views and the formulation of a policy in accordance with them and had, in fact, marked a trend towards a more positive stand by the Canadian delegation in matters in which Canada is interested.

Yours sincerely,

E. A. CÔTÉ

673.

DEA/9255-40

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 162

Ottawa, November 25, 1946

SECRET. DELAS No. 105. Following for Martin from Pearson, Begins: Your teletype No. 242.† United States draft resolution on post-UNRRA relief. Confirming our telephone conversation, I should tell you that Tyler Wood phoned me this morning from Washington, emphasizing that this was as far as the United States delegation could possibly go in this matter and that they had only secured approval for this draft resolution from certain Congressional leaders with great difficulty. I have no reason to believe that he was misleading me in this matter. I am worried, as you are, about the position in which this places us. I think our stand on relief questions at the Assembly has been an intelligent and logical one up to the present, but I can see difficulties ahead. If we oppose this resolution and it is defeated, which I suppose is quite possible, will it not be difficult for us to refrain from voting for a relief resolution embodying La Guardia suggestions? This may be carried against the vote of the United States and the United Kingdom. As a result, there may be established a relief fund under United Nations auspices without the two largest contributors. We might, therefore, be expected to make a larger contribution to that fund than would otherwise be the case. The distribution of that fund, including our contribution to it, would also involve grave difficulties in the absence of the United States and the United Kingdom. Without those two countries, relief policies under the fund might be dominated by the U.S.S.R. and other receiving countries, and we could be put in a position where our contribution would be used by any Committee directing the fund almost exclusively for relief in Eastern European territories on the ground that Greece, Austria and Italy were being looked after by the United States and the United Kingdom. This would place us in an impossible situation and would, as you are in a better position than I to judge, be very badly received in this country. I should think that, at almost any cost, we ought to avoid such a development. If, of course, the United States resolution is carried, notwithstanding our vote, then the difficulty would not arise and we would be in a strong position, both at home and at the Assembly. Similarly, if the La Guardia proposal were defeated, in spite of our support, our position would not be so unsatisfactory. I do not know what are the chances of either of these results being obtained.

No doubt you have also carefully examined the present United States draft, with a view to seeing whether it could not, by a liberal interpretation, be brought within the scope of our instructions that relief must be international in form and scope. In any event, if the United States proposal is rejected, I hope, myself, that we will not have to vote for any resolution based on the La Guardia plan, which would be obviously quite unrealistic without United States and United Kingdom participation. Ends.

674.

DEA/9255-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] December 6, 1946

## POST-UNRRA RELIEF

The instructions to our delegation in New York on relief are as follows:

The Canadian Government would be prepared to give an assurance through its delegation to the United Nations that Canada would be ready to bear her fair share of meeting 1947 relief needs, if this is to be done by co-operative international action to discharge what would, in fact, be recognized as a responsibility of the United Nations. If the problem is to be left to individual governments to handle as they see fit, the action to be taken by the Canadian Government would be a matter for decision after the position of the United Nations with respect to its responsibility has been made clear.

In accordance with the above instructions, we have been pressing, in New York, for some international agency to deal with relief needs as and when they are determined. The United States and the United Kingdom have, however, been strongly opposed to any international agency for relief, feeling that this should now be left to unilateral arrangements between supplying and receiving governments. While maintaining our position, we have accepted the fact that any resolution providing for an international agency would be ineffective and dangerous without the United States and the United Kingdom. Therefore, we could not support such a resolution. Another reason for this attitude was the fear that the U.S.S.R. and their friends might use this situation for propaganda purposes. Meanwhile, the United States has produced a resolution<sup>1</sup> which, while not setting up any international agency, recommends that relief activities found necessary should be cleared through the United Nations Secretary General, who would be kept informed of what individual countries were doing. This resolution has been attacked as inadequate, while there is no possibility of what is now called the La Guardia resolution,<sup>2</sup> providing for an international relief fund, being acceptable to the United States and the United Kingdom.

A message has just come from New York which indicates that the Americans could now go somewhat further and would be willing to accept an amendment to their resolution providing for the appointment of a technical

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<sup>1</sup> Voir Nations Unies, *Documents officiels de la seconde partie de la première session de l'Assemblée générale*, deuxième commission, Annexe 8d, p. 202.

<sup>2</sup> Voir *ibid.*, Annexe 8, pp. 197-98.

<sup>1</sup> See United Nations, *Official Records of the Second Part of the First Session of the General Assembly*, Second Committee, Annex 8d, p. 202.

<sup>2</sup> See *ibid.*, Annex 8, pp. 197-98.

committee of experts representing eight countries, who would investigate relief needs, and make recommendations for outside assistance in respect of those countries who will require help.

This does represent a considerable concession by the Americans and they are anxious for us to put forward the amendment, as our reputation in these matters stands very high in New York at the moment. Mr. Martin, who is handling this matter, feels that, if he is to do this, he will need your approval.

I think that this would be a useful initiative on our part. It does not mean that there will be an international relief agency, but it does emphasize the international character of the relief problem. If Mr. Martin puts this forward, I think he should take advantage of the opportunity to re-emphasize that, as long as relief obligations are to be determined unilaterally and not as part of an international obligation, Canada must maintain her reservation that acceptance of any such resolution does not mean acceptance of any commitment to contribute to relief. With such a statement, I think our position would be completely safeguarded, while we would be doing a useful service to the United Nations Assembly in moving and supporting the amendment in question. With this amendment, the United States resolution should, I think, be carried unanimously.

675.

DEA/9255-40

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 219

Ottawa, December 5, 1946

MOST IMMEDIATE. DELAS No. 136. Following for Hon. Paul Martin, from Pearson. Begins: The Prime Minister agrees, subject to Mr. St. Laurent's concurrence, that it would be appropriate for you to move the amendment to the United States resolution on post-UNRRA relief, which you described to me over the telephone. We assume that the resolution, as amended, would receive practically unanimous support. The Prime Minister feels that, though this may imply a certain additional moral commitment, yet the addition is a very small one as we have been emphasizing that we do not shirk our international obligations in this regard. The Prime Minister also feels that, in moving the amendment, a short statement, to the effect that we maintain our position in regard to making no commitments as to what we can do in relief matters unless they are handled through an international agency, would be desirable. Ends.

676.

DEA/9255-40

*Le consul général à New York au secrétaire d'État  
aux Affaires extérieures*

*Consul General in New York to Secretary of State for External Affairs*

TELEGRAM 360

New York, December 8, 1946

ASDEL No. 243. Following for Alan Field, Director of Information Service,<sup>1</sup> West Block, Ottawa, from Frances Godsoe, Begins:

1. Following is text of a statement made by the Honourable Paul Martin yesterday morning in Committee II on the subject of post-UNRRA relief. First, I will outline partial statement made by Mr. La Guardia in which he challenged Mr. Martin to produce a compromise solution to the relief problem. The meeting was very dramatic particularly when Mr. Martin accepted the challenge and at the end of his speech produced an amendment which is being favourably commented on. The meeting was adjourned, before many delegates expressed an opinion, to be continued Monday.

2. Partial text of statement by Fiorello La Guardia:

"I have been working very closely with the Government of Canada for the past six years. They too, like Australia and New Zealand and other countries, have responded always to every call, but what is more, they do it graciously. I have never heard Canada brag about it, and mark you, a country with only 11 or 12 million people. In repeating what I said then, I will take any compromise offered by the delegate from Canada sight unseen. I will take my proposal and tear it up. No, I have not the powers of an X-ray, I will say to the delegate from Australia, to see what is in men's minds. But I can judge what is in their hearts when I talk to them, and there is a great desire around this table to come to an Agreement. We have two safeguarding clauses in the U.S.-U.K. and Brazilian proposal that help greatly. I hope the delegate from Canada will come forth with a suggestion so that we can have no doubt that somewhere, somehow, there will be an impartial assessment of needs with a suggestion of proportionate contribution. We know it is entirely advisory, it is not mandatory. We know, under our form of Government and most Parliamentary Governments, that it will require legislative action. That was brought out yesterday when it was suggested that the United States had already procured (wheat). That is impossible. The Government has no power to procure or purchase anything unless it is so authorized by Congress and no such authority exists at this time. It will take no longer, gentlemen, to get action from Congress with the plan I suggested than it will take with the plan that the U.S., the U.K. and Brazil have suggested. I am not concerned, gentlemen, with

<sup>1</sup>Le service d'information du bureau du séquestre des biens ennemis. Le secrétaire d'État, M. Martin, était le séquestre.

<sup>1</sup>Information Service of the Custodian of Enemy Property. The Secretary of State, Mr. Martin, was Custodian.

anything except when I step out or when I report to the Council that I can say, I fulfilled my mission. I can't do anything more than that and once more I appeal to the United Kingdom and United States if they will not at least listen with a receptive mind to a suggestion for any compromise coming from any source and I again appeal with all the sincerity that I can muster, with all the earnestness at my command, to the delegate from Canada if he please will not step into the breach and help in this situation."

3. Following is text of statement made by Honourable Paul Martin:

"It has been suggested during the course of this debate that we have reached a serious impasse, that the future of international organization and international solidarity has been seriously imperilled. The fact is that we are all of us, 54 nations, meeting around this table this morning, as we have at various previous meetings, for the purpose of providing the most effective method, in our judgment, by which we can bring relief to those peoples and those countries who require relief and assistance. That fact in itself, the fact that we are discussing a method by which we can give effect to our programme of relief is, I think, a demonstration of the extent to which, following the last Great War, we have developed the process of international action and international approach. Consequently if those of us who have expressed our belief in international Organization to meet this particular problem are not fully satisfied none of us should draw the conclusion that failure, in that particular, means the breakdown of international solidarity. I repeat, we are meeting here today and have been meeting now for some days to discuss, with the supplying and with the receiving nations, a method or methods to deal with the great problem so eloquently portrayed for us by the Director of U.N.R.R.A.

4. I think another word should be said lest those who follow the procedure of the Assembly of the United Nations come to wrong conclusions as to our good faith to make international processes work. This Committee has assiduously in Sub-Committee, in plenary session, in informal talks by the members of this Committee, been diligently applying itself to the job of trying to arrive at a satisfactory settlement of a great issue.

5. It is not a question of not being willing to contribute assistance. No country around this table has said, acknowledging the necessity for relief, that it refused to provide relief. The United States, the main supplier and United Kingdom have not said that they would not provide relief. What they have said is that they believe at the present time the most effective way of dealing with relief is through the method which they have suggested in the combined proposal of the U.S., U.K. and Brazil. I think that whatever we do, and I hope we can now agree upon something, no one should say that this Committee has been frustrated or that it has not really achieved something very worthwhile in the field of international relations. We have heard from that vigorous and sincere man, Mr. La Guardia, the background of UNRRA, which is perhaps the most successful example of international

collaboration that we have made for many, many years, an Organization whose members have been contributing over 99 percent of their commitments. This is a record the like of which should encourage all of us to believe that the process of internationalization is by no means lost or weakened. My country did not hesitate to express at the outset of this debate what it believed was the right method of providing Post-UNRRA relief. I stated our attitude in my first statement on the first day of this debate. I said that if a concrete U.N. plan for meeting genuine relief needs in 1947 is adopted by this Assembly and is in fact international in its form and scope, Canada, to the extent that prevailing conditions permit, will participate in its implementation. I repeat that that is again our position, we believe that international organization in the sense thus envisaged would be the desirable way, but we recognize I think all of us what the facts of the situation are. Denmark stated its attitude particularly in the Sub-Committee, in a very impressive and I think a memorable speech. I should say that Canada's position was somewhat the position taken by Denmark. Denmark following the consistent discussion that we have had in this Committee has come to the conclusion that there are certain facts that must be acknowledged, facts that are irrevocable seemingly. It has now indicated that it does not propose to pursue the original Resolution standing in its name. Now what are the facts. The facts are that the U.S. and the U.K. have, I think, in the best of faith—certainly all their acts have indicated that they do take the United Nations Organization seriously, come to the conclusion that the way to deal with this problem was other than that put forward by Denmark, initially by the Director of UNRRA, by Canada and some other countries. We take the view that no organization would be international in scope and in form in this particular matter if the United States and the United Kingdom withdrew their membership and action. Consequently, we are faced with the situation that since we all want to provide relief to those who stand in need of it, we must take into account the realities of the situation. It was for that reason that I urged upon my colleagues not to decide the matter by taking a vote. I felt, and I received support in that from Mr. La Guardia and some others, that in view of the particular attitude of the contributing nations to this particular problem a vote would not settle anything. It might do more harm than good. I was glad to hear that Mr. La Guardia, who has faced this problem, took the same view.

6. Now before I do try to meet the challenge put forward to my country by Mr. La Guardia I want to say one more thing which should be said in all fairness that regardless of attitude as to method, no one in my judgment can take issue at all with the good faith of the United States or of the United Kingdom, but I do think this should be borne in mind, because there has been countercharge and charge in this Committee. Further, no one can question the good faith of the former Mayor of New York who as Director of UNRRA has succeeded another great American, and who has

made a great contribution to the cause of international collaboration. If, on occasion, during our deliberations here his point of view expressed in vigorous form has touched sensitive spots, I think it was only because we must recognize in him a man of great conviction and one whose conviction is expressed in a vigorous manner. I am sure all of us around this table are grateful for his contribution, grateful for what he has done as Director of UNRRA and grateful for helping to bring this question into proper perspective.

I repeat, the question is not whether needs shall be met but how they shall be met. The United States and the United Kingdom have unequivocally declared that they have recognized the nature of the needs and they do not propose to sit back. The only issue has been as to the method, and we are anxious—as the Mayor has said this morning—to arrive at unanimity in this Committee. Unanimity may not mean that we have got what each of us undoubtedly believes to be most desirable, but it does mean that after much discussion expressed in good faith we have arrived at a formula which will work and I trust that we will be able to achieve just that.

The Mayor has throughout the discussion thought that the words “when” and “where” were important and the United States delegate, Mr. Stevenson, in a very able speech yesterday indicated that the United States was prepared to accept those words. They have in fact been incorporated in the revised resolution, and because no one would want to enter into dollar diplomacy Mr. La Guardia pointed out how important it was that the relief assistance be free from political considerations. The United States, United Kingdom and Brazil have included in their proposal the phrase “free from racial, religious and political considerations” and if for no other reason I am sure the Director of UNRRA can feel that in the joint debate he has made a great contribution. Now he has put upon my country a responsibility. A few days ago speaking of what Canada had done in performance of its duty, he said he was prepared to accept a solution from Canada. He paid us the remarkable tribute of saying that he would do so blindly. Speaking in the name of Canada I can only say to him that we are very grateful to him for the estimation he has of our country. I may say to him that we reciprocate in our high opinion of him.

But we are now faced with a situation whereby those of us who believe in one method must recognize the impossibility of solving the problem in the way we advocated. Consequently, my Government, not without a great deal of consideration, has come to the conclusion, expressing the reservation which every Government of course in this matter must express, that it is prepared to support the Resolution now standing in the name of the United States, United Kingdom and Brazil. It suggests, however, an amendment to that Resolution which it strongly commends to the three sponsoring Powers, to the Director of UNRRA and to those who shared the views expressed by Denmark and Canada, as a compromise Agreement that is worthy of respect, that is effective, and that does indicate a means by which

we can effectively deal with a problem that may be described as interim but one requiring urgent attention. With that in view, Sir, we suggest the following amendment:

1. Immediately preceding the paragraph numbered 1 insert the following two paragraphs:

“Establishes a special Technical Committee whose functions shall be;

(a) To study the minimum import requirements of the basic essentials of life, particularly food and supplies for agricultural production of countries which the Committee believes might require assistance in the prevention of suffering or economic retrogression which threatens the supply of these basic essentials.

(b) To survey the means available to each country concerned to finance such imports,

(c) To report concerning the amount of financial assistance which it believes may be required in the light of (a) and (b) “decides that the Committee shall consist of eight experts in the field of finance and foreign trade to be designated by the Governments of Brazil, Canada, China, France, Poland, United Kingdom, United States of America and Union of Soviet Socialist Republics to serve in their individual capacities and not as representatives of the Governments by which they are designated; and urges each Government to select a person of outstanding competence to service on the Committee.”

2. In the paragraph numbered 1, strike out the words “all members of the United Nations and international Organizations concerned” and insert in their place the words “the Committee.”

3. Immediately preceding the paragraph numbered 2, insert a new paragraph reading as follows: “Directs the Committee to submit its report to the Secretary-General for submittal to member Governments as soon as possible but in any event not later than January 15th, 1947.”

Mr. Chairman, in suggesting this amendment to the United States, United Kingdom and Brazilian Resolution, we do so having in mind among other things the point of view expressed by Mr. La Guardia, the nature of the discussion, and the realities of the situation. We do urge upon all nations who have given this matter over these weeks their honest and complete attention, to resolve this problem as quickly as we can, so that we can start at once the job of providing relief for those nations and those peoples of the world who stand in urgent need of it.<sup>1</sup> Ends.

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<sup>1</sup> Cet amendement fut accepté à l'unanimité (la Yougoslavie s'est abstenue) le 9 décembre lors de la dernière réunion de la deuxième commission.

<sup>1</sup> This amendment was unanimously accepted (Yugoslavia abstained) on December 9 at the last meeting of the Second Committee.

677.

DEA/2295-AJ-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-4408

Washington, December 14, 1946

Your EX-2890, November 19th. Canadian membership on the Committee of the Council of UNRRA for the Far East.

Despatch No. 2355, † December 14th, (going forward by today's bag) on the proceedings of the Sixth UNRRA Council, includes a paragraph on Canada's election by unanimous vote to the Far East Committee. The nominating resolution was moved by Dr. Li Choh-Ming, Deputy Director, Chinese National Relief and Rehabilitation Administration, and seconded by Sir Girja Bajpai, Indian Chargé d'Affaires. A copy of this despatch is being sent to Ottawa to go forward by air bag to Nanking, but, as Dr. Li Choh-Ming is returning to Shanghai by air, it might be advisable to inform our Embassy by cable of our election to this Committee and to suggest that they nominate an officer to attend the Committee meetings, which are held in Shanghai.

678.

DTC/Vol. 729

*Extrait d'un Rapport<sup>1</sup>*

*Extract from a Report<sup>1</sup>*

SECRET

December 23, 1946

SECOND PART OF THE FIRST SESSION OF THE GENERAL ASSEMBLY  
 FINAL REPORT OF [sic] THE SECOND COMMITTEE  
 ECONOMIC AND FINANCIAL

PART 1 WORK OF THE COMMITTEE

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B. PARTICULAR ITEMS

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2. *The report from the Director-General of UNRRA on relief needs remaining after the termination of UNRRA*

This was the most important and controversial subject dealt with by Committee 2. In all, ten meetings of the main committee and the drafting subcommittee number one were devoted to the matter. The existence of relief needs in 1947 was never seriously contested, nor was there any discussion of the amount likely to be required. Debate was almost entirely concerned with the method of dealing with such needs as might exist. The two extreme

<sup>1</sup> L'auteur de ce rapport n'est pas indiqué sur le document.

<sup>1</sup> The author of this report is not identified on the document.

positions in this matter were clearly stated at the beginning. On the one hand, the United States proposed a system of bilateral relief arrangements with no more provision for international collaboration than an "invitation" to contributing governments to "consult informally" regarding their respective programmes (A/C2/64). On the other hand, three resolutions were introduced, by Mr. La Guardia (A/C2/38), by Denmark (A/C2/57) and by Brazil (A/C2/56), which called for substantial degrees of international control. La Guardia's plan for an Emergency Food Fund would have called for complete international allocation and control of relief supplies up to the point of their shipment by the receiving governments. The Danish proposal was a more detailed statement along the same lines; the Brazilian, though considerably modified, still called for an internationally administered pool of relief supplies. The Canadian policy in this question was influenced by the Government's unwillingness to approach Parliament for a special relief appropriation. In view of the very heavy tax burdens borne by the Canadian public and in view, also, of an expected post-war reaction against further international commitments, the Government wished to be able to represent any obligation to assist in meeting relief needs as one which sprang from Canadian support of the United Nations. For these reasons the Canadian delegation was instructed to support an international relief plan, and Mr. Paul Martin accordingly made a statement in favour of such a plan at the meeting of November 16th. Mr. Noel-Baker, in a speech delivered on November 18th, made a great effort to reconcile the two points of view, and emphasized the lengths to which the United States was prepared to go in meeting 1947 relief needs. His speech gave the impression that the United Kingdom would be obliged, by force of circumstances, to follow the United States' lead, but was reluctant to abandon international control. Several days later, however, a State Department press release contained the information that at a closed meeting on relief problems Mr. Bevin had advised Mr. Byrnes that Noel-Baker did not speak for the United Kingdom government. In this startlingly ruthless way the position of the United Kingdom was made clear and from then on there was no doubt that it was fully behind the United States policy.

It was obvious from the first that there was a majority in favour of an international relief plan. Nineteen delegations made statements in support of such a plan. The U.S.S.R. was not slow to seize this opportunity and came out in favour of a relief plan as much like UNRRA as possible. Only The Netherlands publicly supported the type of bilateral arrangement proposed by the United States and the United Kingdom. In these circumstances, it would have been possible, at any time before the full committee meeting on December 5th, to press the question to [a] vote with the assurance that the United States plan would have been voted down. In avoiding this outcome Committee 2 gave an interesting and valuable demonstration of the way in which international action can crystallize out of diverse and warring elements. At four points in the development of this process, the Canadian delegate (Mr. Paul

Martin) gave it a decisive impetus. The first such opportunity came in the meeting of the drafting sub-committee on November 29th, when Mr. Martin made a statement emphasizing that any plan developed without the cooperation of the United States and the United Kingdom would not in actual fact be international and urging the Committee to develop a reasonable solution based on acceptance of this consideration. This was undoubtedly a bitter pill, partly because there were expectations that Canada, as the third major supplier, would lead the drive for an international relief plan. The general reaction was probably best expressed by Dr. Ording of Norway, who stated that such a policy would amount in fact to the acceptance of an "economic veto." The first evidence that the logic of facts would triumph came, nevertheless, at this same meeting, when the Greek delegate (Mr. Argyropoulos), aware that Greece would be cared for under any plan, urged the committee to accept the United States proposal as a basis of discussion, and when the Brazilian delegate withdrew his resolution in favour of a very mild amendment to the U.S. proposal (A/C2/73). The next point at which Canada intervened was in the meeting of the drafting sub-committee on December 2nd. Towards the end of this meeting it was clear that an impasse had developed, the United States delegate, Mr. Adlai Stevenson, having declared that his government would not be bound by any vote calling for international control either in assessment of needs or in allocation of supply. The United States at this point wished to push matters to a vote, as did the Soviet bloc, though for different reasons. Mr. Martin stepped in, however, and urged the sub-committee to report back to the main committee with a statement of the reasons why it had been unable to reach agreement. This proposal was seconded by the Chinese and, on being put to the vote, was adopted 9-6. At the full Committee of December 5th Dr. Ording delivered his report, which far from being a bare factual statement, was a very able presentation of the case for internationally managed relief. It was clear, however, that the rout had now begun. Mr. La Guardia put forward a much modified proposal calling for an international board with recommendatory powers only (A/C2/87) and the Danish delegate withdrew the Danish resolution. Moreover, La Guardia offered to take any plan put forward by Canada "sight unseen". In the interests of developing some kind of compromise solution, the United States delegation now suggested privately to Mr. Martin that he might introduce a modification of the joint U.S.-U.K.-Brazilian draft providing for a technical committee of experts to assess needs and report to member governments. This idea had been part of their original plan before the opening of the General Assembly. After Mr. Martin had consulted Mr. Pearson and received an assurance that the government was prepared to move from its original position and to ask parliament for a separate relief appropriation, he felt able to fall in with the United States suggestion. The third decisive intervention by the Canadian delegation was thus the introduction of amendments to this effect at the meeting of December 6th (A/C2/96). At the same meeting Dr. Ording of Norway indicated a retreat from his earlier position by putting forward as an amendment to the joint

resolution a Norwegian proposal that all the workers of the world be urged to contribute one day's earnings to the satisfaction of relief needs (A/C2/95). The process of developing a unanimous resolution was by now almost complete. So far as the minor protagonists in the struggle were concerned, the urge towards acceptance of the U.S. position was certainly strengthened by a radio speech made by the Acting Secretary of State Dean Acheson on December 8th, in which he declared that the United States would provide relief only to nations which could prove need and were not wasting their resources on large and unproductive armies (*vide New York Herald Tribune*, December 9 p. 1 col. 3). At the meeting of December 9th Dr. Rajchmann of Poland, with his usual acumen, put his finger on the crucial point regarding the "committee of experts" by asking whether it was expected to report once and then dissolve or whether it would continue in existence to assess needs throughout 1947. The United States' plan for this committee had, of course, always been that it should cease upon the midnight of January 15th and depart into the limbo of forgotten things. Mr. Stevenson of the United States delegation wanted to make this unequivocally clear. Mr. Martin felt, however, that such a declaration would seriously prejudice the chances of the joint resolution and intervened for the fourth time to persuade Mr. Stevenson to make a much milder statement to the effect that the committee would report once, but stay in existence to be called upon if need for it were shown. The U.S.S.R. now made a short statement indicating that the Russian Government would support the joint resolution, though considering that the plan proposed was not the best way of handling relief problems and putting the responsibility for its shortcomings squarely on the shoulders of the western powers. A vote was then taken on the joint resolution, which was adopted unanimously except for an abstention by the Yugoslav delegate. Before the General Assembly, too, the Yugoslav delegate protested against the resolution which was, however, accepted without vote (A/237).

In view of the importance of the debate on relief problems, it is perhaps worthwhile here to assess the gains and losses, both of the way in which the discussion was handled and of the final solution achieved. The advantages won were important. The arrangements for meeting 1947 relief needs are such that the western powers (particularly the United States) can retain complete control of supplies and can indirectly exert considerable political pressure by their allocation. This is a gain in terms of *real politik* and of the immediate situation both at home (once more in the United States) and abroad. The disadvantages are more from the long-term point of view and consist of ground probably lost in the war for men's minds. In the first place the U.S.S.R. has been given an excellent opportunity to pose as the champion of international action and will undoubtedly capitalize on this fact when and where the shoe begins to pinch. In the second place, many of the smaller, comparatively independent countries such as Norway, Denmark, Sweden, and Belgium undoubtedly feel some resentment at this use of what Dr. Ordning called the "economic veto", and the bitter aftertaste will linger for some

time. From the Canadian point of view, disappointment at our refusal to lead a revolt against the United States-United Kingdom position may well be counterbalanced by gratitude to us for producing a face-saving compromise which could in a pinch, be gracefully accepted by everyone.

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CHAPITRE IX/CHAPTER IX  
ORGANISATIONS ET CONFÉRENCES  
INTERNATIONALES  
INTERNATIONAL ORGANIZATIONS AND  
CONFERENCES

PARTIE 1/PART 1

OFFICE INTERNATIONAL DES EXPOSITIONS  
BUREAU OF INTERNATIONAL EXPOSITIONS

679.

DEA/12490-1-40

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

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

DESPATCH 878

Ottawa, November 12, 1946

Sir,

I have the honour to refer to your despatch no. 672 of July 22nd† and my despatch no. 603 of August 15th† on the subject of the proposed revision of the convention regarding International Exhibitions of November 22nd, 1928.<sup>1</sup>

The proposed revision has now been considered by the appropriate officials of the Department of Trade and Commerce and it is considered the amendments proposed to articles 2, 3, 4 and 10 of the convention correct the weaknesses to which we have previously referred. As you are aware, we considered the interval of 6 years between universal exhibitions of the first category to be too long. We also considered that it was necessary to have clearer definitions of exhibitions of the first and second categories.

Without giving any commitment I think you may indicate that Canada would be prepared to consider reaffirmation of the convention revised as proposed by the International Bureau. You should point out, however, that Canada denounced the convention not only for reasons of deficiencies as we considered them in the text of the convention but also because the operation

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<sup>1</sup> Voir Canada, *Recueil des traités*, 1934, N° 7.

<sup>1</sup> See Canada, *Treaty Series*, 1934, No. 7.

of the convention was not effective largely because of the fact that too few countries were adherents. Notably the United States was not an adherent to the convention.

Before we shall be in a position to make a firm decision on the question of reaffirmation of the convention we shall wish to ascertain the attitude of the United Kingdom and the United States and whether or not there will be sufficient adherents to make its operation effective.

I have etc.

SYDNEY D. PIERCE  
for the Secretary of State  
for External Affairs

680.

DEA/12490-1-40

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

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

DESPATCH 1967

Ottawa, November 21, 1946

Sir,

I have the honour to refer to my despatch No. 878 of November 12th to the Canadian Ambassador to France on the subject of reaffirmation by Canada of the convention regarding International Exhibitions of November 22, 1928, a copy of which is attached.†

2. Canada denounced this convention following the lead of the United Kingdom in July 1944 for the reasons stated in my despatch to which I have referred. You will note we are now satisfied with the amendments which the International Bureau proposes to the text of the convention, but before coming to any decision with regard to reaffirming the convention we wish to ascertain the attitude of the United States and the United Kingdom. Specifically, we would like to know whether or not the United States and the United Kingdom have decided to adhere or would be prepared to consider adhering to the revised convention. We feel that the convention will still not be effective without their adherence.

3. I would be grateful if you will endeavour to obtain this information for me from the appropriate United Kingdom authorities.

4. I am sending a similar despatch to the Canadian Ambassador to the United States.

I have etc.

SYDNEY D. PIERCE  
for the Secretary of State  
for External Affairs

681.

DEA/12490-1-40

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 2299

Washington, November 28, 1946

Sir,

I have the honour to refer to your despatch No. 1450 of November 21st,<sup>1</sup> together with a copy of your despatch No. 878 of November 12th to the Canadian Ambassador to France, on the subject of re-affirmation by Canada of the convention regarding International Exhibitions of November 22nd, 1928.

2. This subject was discussed informally with the State Department by Mr. Wallace<sup>2</sup> who pointed out that while Canada was now satisfied with the amendments which the International Bureau proposes to the text, in the Canadian view the convention would not be effective without the adherence of the United States and the United Kingdom.

3. Mr. Wallace was informed that the State Department favoured the principle of an International Exhibitions Convention, but that the United States Government is not prepared to adhere to this revised convention. The principal reasons for this attitude are that the United States wish to keep down the number of their international commitments and would like to see the International Exhibitions Convention taken over by the United Nations' Educational, Scientific, and Cultural Organization.

4. It was mentioned, however, that in view of the fact that the United States is not a party to the existing International Exhibitions Convention, they are not in a position to make a recommendation that the United Nations' Educational, Scientific, and Cultural Organization should take over the work of the International Exhibitions Convention.

I have etc.

H. H. WRONG

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<sup>1</sup> Voir le document précédent.

<sup>2</sup> W. D. Wallace, secrétaire commercial adjoint, l'ambassade aux États-Unis.

<sup>1</sup> See preceding document.

<sup>2</sup> W. D. Wallace, Assistant Commercial Secretary, Embassy in United States.

## PARTIE 2/PART 2

FONDS MONÉTAIRE INTERNATIONAL ET BANQUE  
INTERNATIONALE POUR LA RECONSTRUCTION  
ET LE DÉVELOPPEMENTINTERNATIONAL MONETARY FUND AND INTERNATIONAL  
BANK FOR RECONSTRUCTION AND DEVELOPMENT

682.

DEA/6000-F-40

*L'ambassadeur des États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador of United States to Secretary of State for External Affairs*

No. 439

Ottawa, January 28, 1946

Sir,

At the direction of my Government I have the honor to transmit the following communication:

The articles of agreement of the International Monetary Fund and the International Bank for Reconstruction and Development have come into force and the Government of the United States as the member having the largest quota in the fund and the largest number of shares in the bank has the honor of inviting your Government to arrange for your Governor of the fund and of the bank to attend the first meetings of the Boards of Governors. The meetings will be held at Wilmington Island near Savannah, Georgia, on March 8, 1946, for the purpose of establishing the two institutions.

It is the expectation of the Government of the United States that the business of the Boards of Governors can be concluded within a two week period and arrangements have been made for the accommodation of the Governors and those who accompany them for that period of time. Shortly after the conclusion of the meetings of the Boards of Governors it is expected that the executive directors of each institution will begin to function at or near the site selected for the principal office of the fund and the bank.

My Government intends to suggest the adoption of a resolution by the Board of Governors of each institution permitting the admission to membership during a limited period of time of those countries listed in Schedule A of each of the articles of agreement on the terms set forth in the articles of agreement. It is our hope that some or all of these Governments may be in a position to become members of the fund and the bank with sufficient speed to permit them to participate in the first meetings of the Boards of Governors and we are inviting them to have observers in attendance at these meetings.

The Government of the United States would appreciate it if you could advise us promptly as to the number of persons representing your Govern-

ment who will attend the first meetings of the Boards of Governors, as well as the date and place of their arrival in the United States.

Accept etc.

RAY ATHERTON

683.

DEA/6000-H-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-807

Washington, February 16, 1946

My WA-704 of February 9th,† Bretton Woods.

1. Of the two memoranda† referred to in the first paragraph of my teletype it would appear from the letter of February 8th from Shillock of the U.S. Embassy to Mr. Robertson† (of which a copy was sent to us under compliment sheet of February 9th) that only the first one may have been communicated to you by the U.S. Embassy. The second memorandum, which had been attached to the routine note from the State Department to this Embassy† (and which according to that note had already been transmitted to the Governments concerned through the respective U.S. Missions abroad), dealt with exchange of information regarding arrangements for the meetings of the Boards of Governors of the Fund and the Bank. If, in fact, you have not received this memorandum we shall be glad to teletype its contents to you. If you have received this memorandum, you will note the request in the last sentence that the State Department be notified of the name of an individual with whom informal liaison may be maintained. We should be grateful to learn whether it is your intention that someone from this Embassy should perform this function, in which event we should appreciate the necessary information and guidance from you.

2. We have been asked informally by an official of the Export-Import Bank whether it is proposed by the Canadian authorities that paper of the Bretton Woods Institutions should be marketed in Canada and if so what arrangements are being made to open the Canadian money market to the Bretton Woods Institutions. We understand from this official that Secretary of the Treasury Vinson is most optimistic concerning completion of the arrangements necessary to ensure acceptance of such paper by the U.S. market. In particular, it is reported that changes required in federal and state regulations (including necessary changes in the fiduciary laws of New York State) can probably be completed within something like three months. This official remarked that there would be much merit, from the point of view of the attitude of other Governments to operations of the Bretton Woods Institutions, if the U.S. and Canadian Governments were to announce (simultaneously if possible) that arrangements were being made for the acceptance of the paper of these institutions in the money markets of the two countries.

684.

DEA/6000-H-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-619

Ottawa, February 28, 1946

Your WA-807 of February 16th, para. 2, acceptance of Bretton Woods paper.

There are no legal obstacles to the purchase of paper of Bretton Woods institutions by Canadian chartered banks, by individuals or, we think, by most business corporations.

Insurance companies, however, will probably not be able to make such investments except in the case of issues sponsored by the International Bank and guaranteed by a government. The government guarantee is the feature of importance so far as insurance companies are concerned. This aspect is being further investigated here.

The question as to whether banks and others who are legally entitled to do so would in fact be willing to buy the paper cannot be answered at the present time. Much would depend on the rate of return. We consider the only practical procedure is to await the setting up of the Fund and Bank. Officials of these organizations, presumably acting with or through Bank of Canada officials familiar with the market, could then take the necessary soundings.

Referring to the suggestion that the United States and Canadian Governments might announce (simultaneously if possible) that arrangements were being made for acceptance of the paper in the money markets of the two countries, we feel we should be very careful about the form of any such announcement. If it were the Government's decision to amend the Insurance Act, a statement to that effect would, of course, be appropriate, but an announcement that the Government had reason to believe that the paper would be purchased in considerable volume in Canada would be premature. Ends.

685.

DEA/6000-H-40

*Mémoire de l'adjoint du sous-secrétaire d'État aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] March 7, 1946

PERUVIAN APPROACH FOR VOTES AT SAVANNAH

Mr. Pardo de Zela of the Peruvian Embassy came to see me late yesterday afternoon.

He stated that the Ambassador had just received a telegram from his government, but had not succeeded in laying the matter before you. The Peruvian Government suggests that in exchange for the Canadian vote for a Peruvian in the election to an executive position in the Board of Governors of the Bank for Reconstruction and Development, the Peruvians would undertake to vote for a Canadian to a position in either the Bank or the fund, as we preferred.

I informed him that it was not the policy of the Government to pledge votes or exchange pledges, but that I would put the matter before you.<sup>1</sup>

J. A. C[HAPDELAINE]

686.

DEA/6000-H-40

*Mémorandum du gouverneur de la Banque du Canada*

*Memorandum by Governor of Bank of Canada*

CONFIDENTIAL

Ottawa, April 2, 1946

NOTES ON THE INAUGURAL MEETING OF THE INTERNATIONAL MONETARY FUND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, SAVANNAH, GEORGIA, MARCH 8-18, 1946<sup>2</sup>

The main questions at issue were the site of the Fund and the Bank, and the functions and remuneration of the Executive Directors and their Alternates.

As soon as we arrived at Savannah, we found out that the Americans were going to insist on Washington as the site, and on full-time Executive Directors who would not hold other positions. It soon became evident that the Americans would also press for full-time Alternates.

The United Kingdom were strongly against all these proposals. A number of Western European countries shared their views, but apparently did not wish to argue against the United States. So far as I am aware, the Latin American and Middle Eastern members—and China—did not seriously object to the U.S. point of view, and indeed in some cases welcomed the opportunity to have full-time Executive Directors and Alternates stationed at Washington.

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

Approved. W. L. M[ACKENZIE] K[ING] 13.3.46

<sup>2</sup>Pour une esquisse de cette réunion voir J. K. Horsefield, *The International Monetary Fund 1945-1965: Twenty Years of International Monetary Cooperation*. Washington: International Monetary Fund, 1969, Volume 1, pp. 121-36.

<sup>2</sup>For an outline of this meeting see J. K. Horsefield, *The International Monetary Fund 1945-1965: Twenty Years of International Monetary Cooperation*. Washington: International Monetary Fund, 1969, Volume 1, pp. 121-36.

The Canadian attitude was expressed in private conversations with Vinson on two occasions, and with Clayton, Harry White and Collado on still another occasion. It was also expressed at Committee meetings.

Our opinions can be summarized as follows:

(a) *On Site*

We felt that an important commercial and financial centre was the appropriate site for the Fund and the Bank—if not New York, then Boston or Philadelphia. If a political capital were chosen instead of a more natural site, it would be suspected that the intention was to have the National Advisory Council and the American Executive Directors dominate the activities of the Fund and the Bank. This would have a particularly unfortunate effect in the Fund, the success of which will depend so much on full co-operation of members. Questions have already been raised in various Parliaments—including that of Canada—as to whether membership in the Fund involved any loss of sovereignty. That suspicion is bound to be heightened by the sight of the Fund nestled under the Capitol.

It must also be remembered that the staff of both Fund and Bank are expected to be international officers owing allegiance only to the new organizations. If they are located in Washington, it is much more likely that these individuals will associate mainly with people from their own countries stationed at the various Embassies and Legations, and will have much greater difficulty in developing the international attitude enjoined upon them by the Articles of Agreement.

It soon became apparent that Mr. Vinson could not listen to objections to Washington as a site without becoming extremely annoyed. This matter had been settled by President Truman and the National Advisory Council, and was not open for discussion. We did not carry on the argument for long, but reserved what strength we had for the discussion on Executive Directors and Alternates.

(b) *Executive Directors and Alternates*

Here we pursued the line that the Articles of Agreement set forth the powers of Executive Directors. They are obviously responsible for decisions on matters of policy, and they must make themselves available to the full extent necessary to fulfil their responsibilities. We did not believe, however, that an Executive Director need spend all his time working for the Fund or the Bank: nor did we believe that the Executive Directors should be prevented from holding any other position. In fact, we felt that it was much better that Executive Directors should hold positions of importance in their own countries so that they could bring to the Fund and the Bank the continually renewed experience derived from their administrative functions at home, with all that such experience implies in the form of first-hand practical contact with domestic affairs and with their own country's relationships with others.

We pointed out that the Executive Directors were not international officers in the sense that members of the staff of the Fund or Bank must be. True, they must concern themselves with the good of members as a whole—but they must pay regard to the views of their own governments. Moreover, Executive Directors will be changed—possibly quite frequently. For all these reasons, Executive Directors cannot be expected to participate in administrative work, nor could they, particularly in the case of the Fund, visit countries other than their own with any expectation that they could command confidences. We pointed out that the development of confidence in the Fund—in its wisdom and discretion—was very important. The management and staff needed to develop independence and prestige—without in any way diminishing the responsibility of the Executive Directors in matters of policy. We felt that there was much less likelihood of the organization growing along these lines if it appeared that a number of Executive Directors were in fact running things from day to day.

Finally, we felt that the creation in the two organizations of twenty-four Executive Directorships and twenty-four Alternate posts at substantial salaries was something in the nature of a scandal.

In our conversations with the Americans, we came repeatedly to the question of how all the Executive Directors and Alternates would occupy their time throughout the year. The invariable answer was that they would be kept busy “studying trends”. So far as could be seen, we did not succeed in shaking the opinion of the senior Americans, although there were some in the American group who thought the proposed setup was quite wrong. Finally—at the meeting with Clayton, White and Collado—I expressed very frankly the view that the Americans could force the adoption of these proposals, or indeed any others which they supported. Some countries would be indifferent; others would fear to argue because they had so many fish to fry in the United States. If, however, the big shareholder continually forced his views on others, the prospects for success of the Fund were poor. It would be wise for the Americans to give weight to the views of the minority, even if they did not share those views. Subsequently the Americans agreed to the compromise of Executive Director and Alternate between them being continuously available. This was apparently the best which could be secured.

The Americans came to Savannah after having discussed their programme on these matters with the President and the National Advisory Council, and after having named their Executive Directors on Fund and Bank. Probably they had discussed salaries with these individuals, and the Act of Congress had stipulated that the U.S. Government should not pay any part of their remuneration. Harry White, for example, had made up his mind to leave the Treasury, and was looking forward to his job as Executive Director. It is thought that Vinson was quite content that White should leave the Treasury. In other words, subject to minor compromises, the whole thing was a fait accompli.

(c) *Remuneration of Executive Directors and Alternates*

Once the decision had been taken that Executive Directors and Alternates might be full-time (for "might" read "should" so far as the U.S.A. is concerned) and that they *should* be men of high competence, it was obvious that substantial salaries would be proposed. Mr. Ilsley and Lord Keynes,<sup>1</sup> as well as the writer, argued against the salaries in the Committee and Sub-Committee on Remuneration, but in the end the American proposals of \$17,000 tax free for Executive Directors, and \$11,500 tax free for Alternates were adopted.

At the final session of the Boards of Governors of the Fund and Bank, Keynes announced that he had instructions from his Government to vote against these salaries. He pointed out that he was not complaining of the amounts involved in so far as they related to remuneration for any one individual, but that his Government felt that an unnecessarily elaborate organization, with an excessive overhead, was being set up. I thought that it was necessary at this meeting to define the Canadian position in the following terms:

Our views had been stated in the Committee by the Canadian Governor for the Fund and Bank, Mr. Ilsley. He had made it clear that his remarks were not directed to the worth of any individual performing full-time and important services for the Fund or Bank, but that he could only contemplate with dismay the creation of forty-eight high-salaries posts in these organizations, in addition to the administrative staff which would be necessary. In the end, Canada had reluctantly agreed to the compromise by which both Directors and Alternates could serve part-time provided that one or the other was continuously available. It was also agreed that Executive Directors or Alternates serving part-time should be paid proportionately. Thus some latitude was allowed for each country to act as it saw fit. Canada was therefore fairly close to being in a position to stick to her original opinions in so far as her own arrangements were concerned. In these circumstances, we had reached the conclusion that we had to give weight to the opinions of others who intended to follow a different course, and would not register a vote against the proposals.

Harry White followed with remarks of a rather unpleasant character directed against Lord Keynes. He suggested that, whether by design or not, Keynes remarks were directed to the sabotaging of the Fund and the Bank through placing the remuneration of Executive Directors and Alternates at a level which would make it impossible to command good men. Keynes was remarkably restrained, and did not reply.

G. F. T[OWERS]

<sup>1</sup> Membre du Conseil consultatif du Chancelier de l'Échiquier de Grande-Bretagne.

<sup>1</sup> Member of Chancellor of the Exchequer's Consultative Council in Great Britain.

687.

DEA/6000-K-40

*Le sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures<sup>1</sup>*

*Associate Under-Secretary of State for External Affairs  
to Under-Secretary of State for External Affairs<sup>1</sup>*

PERSONAL AND CONFIDENTIAL

Ottawa, May 22, 1946

Dear Norman [Robertson],

The Department of Finance has grown very concerned over Ritchie's<sup>2</sup> departure from the Washington Embassy. One of their immediate problems is that there is no one now to name in Washington to act as alternate to Rasminsky and Bryce on the boards of the Fund and the Bank. As these boards are supposed to be in continuous session—a phrase which should be used with greater caution than has been exhibited recently—it is necessary to have someone available in Washington on short notice.

They have not as yet discussed this matter directly with me but I have been kept informed by Pearson of discussions going on in Washington and between Bryce, Rasminsky, Clark and Towers. They have their eye on Parkinson now with the WPTB whom they probably would like to name both as alternate on the boards and Financial Attaché at the Embassy. I do not know him nor does Pearson but I gather that he is quite a good man. In any case, he is not available until September at earliest.

The latest idea was reported to me by Pearson this morning. This was that we should bring LePan back from London immediately—I gather within a matter of a week or so—and send him to Washington as Financial Attaché. I told Pearson to tell Bryce flatly that LePan was not available for this duty, pointing out that Canada House was losing both its head and its second man and that until a new regime was established there we could not remove LePan. I also think that LePan should do a tour of duty in Ottawa when we can release him from London which would I hope be by the end of this year.

As the immediate purpose of these negotiations is to permit Rasminsky and Bryce to leave Washington and as they act in Washington under the instructions of the financial authorities here, I think that we must insist to use a favourite phrase of yours that “they skin their own skunks” and not try to rob us when we are so desperately pressed.

Yours sincerely,

H. H. WRONG

<sup>1</sup>M. Robertson était alors en Grande-Bretagne.

<sup>2</sup>A. E. Ritchie, le deuxième secrétaire, l'ambassade aux États-Unis.

<sup>1</sup>Mr. Robertson was then in Great Britain.

<sup>2</sup>A. E. Ritchie, Second Secretary, Embassy in United States.

688.

DEA/6000-K-40

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

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

Washington, June 14, 1946

My Dear Hume [Wrong],

The International Monetary Fund has now taken to sending Tommy<sup>1</sup> copies of the minutes of all meetings and copies of odd papers which are circulated among the executive officers. In addition, they have instituted the practice of telephoning to the Embassy before each meeting of the Executive Directors to ask if Mr. Stone will be representing Mr. Rasminsky. It is, as you know, impossible for Mr. Stone to represent Mr. Rasminsky three or four times a week, and it is not only embarrassing, but I do not think it is good for the reputation of Canada generally for us to keep saying "No". Tommy is clearing with Lou<sup>2</sup> as to what he should do with the papers which are of no conceivable interest to anybody except an Executive Director of the Fund.

This all arises from the fact of Tommy having attended one meeting. You will remember that I told you that Lou thought that there would be a knock-down drag-out fight over personnel questions at this meeting and that he would be letting Gutt down if he was not represented. This particular meeting was, in fact, charged with explosive discussion for a little while, but it ended up as amicably as a church social.

I realize that the appointment of alternates for the Bank and the Fund is not the business of either the Embassy or External Affairs and that there is probably little that you could do about it. I think I should have it on record again, however, that it is quite impossible for any officers of the Embassy to devote more than the barest minimum of time to these matters. In these circumstances it is embarrassing, as I said above, that any idea should exist in the minds of the officials of the Fund that an officer of the Embassy is acting as an alternate of our Executive Director. If a suitable opportunity should present itself I think it would be useful if you would draw this to Lou Rasminsky's attention again.

Yours sincerely,

MIKE [PEARSON]

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<sup>1</sup> Thomas A. Stone.

<sup>2</sup> Louis Rasminsky.

689.

DEA/6000-F-40

*Le président suppléant, la Commission de contrôle du change étranger,  
au ministre des Finances*

*Alternate Chairman, Foreign Exchange Control Board, to Minister of Finance*

Ottawa, June 18, 1946

Dear Mr. Ilsley,

As you are aware, the International Monetary Fund has received applications for membership from Syria, Lebanon, Turkey and Italy. The first three countries mentioned are members of the United Nations and their applications for membership do not appear to raise any important question of principle.

I am enclosing herewith a copy of the note by which Italy applied for membership.† You will recall that at the Savannah meeting the United States Governor stated that his Government supported the application from Italy as well as those from the other countries mentioned. On the other hand, the Greek Governor opposed the application on the ground that it was improper to consider an application from a former enemy country with which a treaty of peace has not yet been completed and he was supported in this attitude by the Yugoslav Governor. The application was referred, along with the others mentioned, to the Executive Directors for study and report to the Board at a later date.

While the final decision regarding the Italian application for membership rests with the Board of Governors, it may be the case that the Executive Directors will wish to make a recommendation in one sense or the other. The issue of Italian membership is primarily a political one and I would be grateful if you would instruct me in this matter.

Yours very truly,

L. RASMINSKY

690.

DEA/6000-K-40

*Le président suppléant, la Commission de contrôle du change étranger,  
au sous-secrétaire d'État associé aux Affaires extérieures*

*Alternate Chairman, Foreign Exchange Control Board, to Associate  
Under-Secretary of State for External Affairs*

Ottawa, June 21, 1946

Dear Hume [Wrong],

I have your letter of the 18th† enclosing Mike Pearson's letter of the 14th regarding Tommy Stone's troubles. I can't say that I blame the Embassy and Tommy for being annoyed. Tommy kindly agreed to attend one meeting for me and then, when I went into default on my obligation, Tommy finds

himself treated by the Fund like a defaulter. I have written the Secretary of the Fund to make it clear that the Fund has no claim against Tommy or the Embassy.

That will dispose of Tommy's headache, but not mine.<sup>1</sup>

Yours sincerely,

L. RASMINSKY

691.

DEA/6000-F-40

*Le sous-secrétaire d'État associé aux Affaires extérieures  
au sous-ministre des Finances*

*Associate Under-Secretary of State for External Affairs  
to Deputy Minister of Finance*

Ottawa, July 17, 1946

Dear Mr. Clark,

I should like to refer to your letter of July 2nd† concerning an application by Italy for membership in the International Monetary Fund.

I think that in the circumstances Mr. Rasminsky might be instructed to support Italy's application for membership in the International Monetary Fund, particularly as it would appear that the United States Government will be taking the initiative in this matter.

Yours sincerely,

H. H. WRONG

692.

DEA/6000-H-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*

TELEGRAM WA-2913

Washington, July 23, 1946

SECRET. Following for Dr. W. C. Clark and Louis Rasminsky from Bryce, Begins: Re: International Monetary Fund.

<sup>1</sup>La question ne fut résolue que lorsque Joseph F. Parkinson fut nommé administrateur suppléant canadien du Fonds monétaire international et conseiller financier de l'ambassade aux États-Unis en novembre 1946.

<sup>1</sup>The issue was resolved only when Joseph F. Parkinson was appointed Canadian Alternate Executive Director of the International Monetary Fund and Financial Counsellor of the Embassy in United States in November 1946.

1. You have already seen and there is at my house a copy of the memorandum by the Legal Division of the Fund† on obligation to consult regarding any proposed changes in exchange rates prior to determination of initial par values.

2. As I told Rasminsky on phone last night this matter was again discussed at meeting all yesterday afternoon in general terms not all Canada, but Canada was naturally cited as an example on several occasions. I made several comments on legal situation along lines we discussed Sunday, that is that general obligations were to collaborate not to consult and that specific obligations were not clear or at all definite. There was very little, if any, support for this view from others. There were a few questions by others which indicated some uncertainty and some reluctance to accept a hard and fast interpretation. Even White was reluctant to agree that Board could make a definite interpretation of law but he wanted some action implying interpretation as indicated below.

3. I raised the point of policy discussed by us Sunday, that is, that Fund should avoid involvement in preliminary adjustments of rates and secondly that if consultation is to take place suitable procedure should be arranged insuring speed and secrecy. Some slight support for me on second point but not much on first. I raised question as to whether Directors would report proposed action to their Governments but there was no discussion of this and I did not press it as I did not wish to provoke any commitments on this matter.

4. White suggested memorandum be included in minutes with notation that Board agreed in general. No active objection to this proposal and I did not desire to have recorded my formal disagreement without consulting you. I did raise question and delay decision on matter.

5. Luthringer, United States alternate, then proposed motion as follows:

The Executive Board directs that the Fund request each member of the International Monetary Fund, in consideration of the provisions of Article I, Article IV, Section 4, paragraph (a), and Article IV, Section 5, paragraph (b) of the Articles of Agreement<sup>1</sup> to consult the Fund at least 48 hours in advance of making any change in the par value of the member's currency during the period before the member and the Fund have agreed upon an initial par value for the member's currency.

6. White suggested we consider this before next meeting. I suggested such action should not be taken without Gutt. White was prepared on this and said they planned to cable Gutt and get his approval. Matter was placed on agenda for Friday. I feel definitely that Rasminsky or I should be here unless we deliberately wish to absent ourselves as matter of policy which I would not

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<sup>1</sup> Voir J. K. Horsefield, *The International Monetary Fund: 1945-1965*. Washington: International Monetary Fund, 1969, volume 3, pp. 185-214.

<sup>1</sup> See J. K. Horsefield, *The International Monetary Fund: 1945-1965*. Washington: International Monetary Fund, 1969, Volume 3, pp. 185-214.

recommend in view of atmosphere of meetings. Consequently I am planning to be here as I understand Rasminsky cannot get down.

7. I have talked to Grafftey-Smith, Crena de Iongh and Coe about security dangers if all Governments to be informed proposed action and said this seems mad to me. They were all inclined to agree but not willing to do anything about it. Grafftey-Smith said that he thought they could arrange to have Gutt and United Kingdom and United States Directors and possibly one other as Committee of Board to consider these very secret matters but he doubts if White would agree and I do as well. Grafftey-Smith, of course assumes that British and Americans would and should be consulted; and it will be difficult to justify selections on other than grounds of trustworthiness.

8. I will call about further instructions in regard to action on resolutions. Rasminsky may wish to cable Gutt privately on views. Unless Gutt intervenes or objects I think motion almost certain to go through. We could modify wording for example to indicate at beginning there had been some uncertainty as to precise obligations of members during preliminary period and the preparedness of Fund for consultation. Do you wish me to press for such modification before meeting? If resolution is to go through, do you wish me to record our formal dissent from its approval? Do you wish me as well to record our formal dissent from the implied legal interpretation? I would be inclined to think we should record in minutes that we believe the legal obligations are not clearly defined, and that as a matter of policy the Fund should not intervene in adjustment of rates prior to agreement on initial parities. However, this is debatable and I would like to discuss it with you by phone. Ends.

693.

DF/Vol. 4283

*Mémorandum de l'administrateur canadien du  
Fonds monétaire international*<sup>1</sup>

*Memorandum by Canadian Executive Director of the  
International Monetary Fund*<sup>1</sup>

August 1, 1946

ESTABLISHMENT OF PAR VALUES AND RELATIONS OF  
MEMBERS WITH THE FUND

The question has arisen whether a Member is required to consult the Fund with reference to changing its exchange rates before the date when the Fund has reached agreement with that Member on the initial par value for that

<sup>1</sup> Voir J. K. Horsefield, *The International Monetary Fund: 1945-1965*. Washington: International Monetary Fund, 1969, volume 1, p. 157.

<sup>1</sup> See J. K. Horsefield, *The International Monetary Fund: 1945-1965*. Washington: International Monetary Fund, 1969, Volume 1, p. 157.

Member's currency. This involves the further question as to when par values of currencies may be said to exist for the purposes of the Agreement, and several other questions as to the relations between the Fund and its members.

#### 1. TIME AND MANNER OF ESTABLISHMENT OF PAR VALUES OF CURRENCIES FOR THE PURPOSES OF THE AGREEMENT

The concept of the "par value" of a currency is fundamental to the whole Fund Agreement. Exchange rates involving any two currencies must be "based on parity", i.e., on the par values of the currencies involved (IV-3). All purchases and sales of gold must be based on par value (IV-2). The primary obligation of a member is to consult the Fund before making any change whatever in the par value of its currency (IV-5(b)). "All computations relating to currencies of members for the purpose of applying the provisions of this Agreement shall be on the basis of their par values" (IV-1(b)).

It would be expected that in a matter of such importance the Articles of Agreement would describe what was meant by "par value" of a currency for the purposes of the Agreement, and how the par value of any particular currency is to be ascertained, and when such a par value first comes into existence for the purposes of the Agreement. This is in fact the case—all three points are explicitly dealt with in the Articles of Agreement.

In the first place, it is apparent that the expression "par value" has a definite meaning for the purposes of the Agreement. Article IV-1(a) requires that "the par value of the currency of each member shall be expressed in terms of gold as a common denominator" or "in terms of the United States dollar of the weight and fineness in effect on July 1, 1944". There are some countries, members of the Fund, which do not express the par value of their currency in either of these ways; they must do so, by the Agreement, and until they do so the other provisions of the Agreement cannot be applied. Moreover even countries whose currencies do have a gold par value under domestic law may be required to establish a different gold par value for the purposes of the Agreement. For example, some members of the Fund have a currency with a statutory par value based on gold at \$20.67 an ounce, but have for some years been enforcing or permitting exchange rates which reflect the \$35.00 price of gold. By Article XX-4(a), each Member is required, after request by the Fund (which request has not yet been made) to communicate to the Fund "the par value of its currency based on the rates of exchange prevailing on" October 28, 1945.

The par value of a currency for the purposes of the Agreement therefore, may be, and in some cases will be, quite different from the pre-existing par value, if any, of the same currency under the domestic law of the country concerned.

How, then, is the par value of a particular currency for the purposes of the Agreement to be ascertained and established, so that not only the country concerned, but the Fund and the other members which wish to have transactions in that currency and quote exchange rates involving that currency may

know what its par value is? This is dealt with very clearly in Article XX-4, paragraphs (a), (b) and (c). A definite procedure is laid down, which is to be set in motion by a positive act on the part of the Fund when the Fund is ready for such action. By paragraph (a), "When the Fund is of the opinion that it will shortly be in a position to begin exchange transactions, it shall so notify the members and shall request each member to communicate within thirty days the par value of its currency based on the rates of exchange prevailing on the sixtieth day before the entry into force of this Agreement."

What is the effect of such a communication? This is dealt with in paragraph (b) which provides that "The par value communicated by a member whose metropolitan territory has not been occupied by the enemy *shall be* the par value of that member's currency *for the purposes of the Agreement unless* within ninety days after the request referred to in (a) above" either the member or the Fund gives notice that such a par value is unsatisfactory, in which event "the Fund and the member shall, within a period determined by the Fund in the light of all relevant circumstances, agree upon a suitable par value for that currency." It is clear, therefore, that no par value exists "*for the purposes of the Agreement*" until the 90-day period has expired or until the member and the Fund reach agreement. In the absence of such agreement, indeed, "the member shall be deemed to have withdrawn from the Fund," in which case, clearly, no par value ever came into existence for the currency of that country.

As if to emphasize that par values come into existence only at a certain time and only after a certain procedure has been followed, paragraph (c) provides that the right of a member to buy from the Fund currencies of other members arises "When the par value of a member's currency *has been established* under (b) above *either by the expiration of* ninety days without notification *or by agreement* after notification."

The language of paragraphs (b) and (c) is so clear and precise that it is impossible for any par value for the purposes of the Agreement to exist, or be ascertained, or be acted upon, until the time and as a result of carrying out the procedure therein specified.

## 2. TIME WHEN OBLIGATION OF A MEMBER TO CONSULT THE FUND COMMENCES TO OPERATE

The first question is, what is the subject-matter of the consultation? It should be noted that there is no obligation on members in the Fund Agreement to consult with reference to exchange rates,—and no provision for the Fund either to agree or to disagree with a proposed change in exchange rates. Article IV-3 provides that exchange rates shall not differ from "parity" by more than certain margins, and "parity" is to be computed on the basis of the par values of the currencies involved—IV-1(b). Article IV-4(b) explicitly imposes an obligation on each member to observe the specified margins in its exchange rates. Once par values exist, the obligation with respect to exchange rates is absolute and unconditional, without consultation or

agreement; it is not even subject to transitional-period exemptions under XIV-2, or to gradual application under VIII-3.

The obligation with respect to exchange rates, being based on par values, cannot arise until par values exist for both the currencies involved in any particular exchange rate. Thereafter, any change in the par value of either currency must automatically be accompanied by equivalent alterations in all exchange rates involving that currency. It is the change in the par value which requires consultation with the Fund, as set forth in Article IV-5(b), as follows: "A *change in the par value* of a member's currency may be made only on the proposal of the member and only after consultation with the Fund."

What is the "par value" here referred to? Obviously it can only be the "par value of that member's currency for the purpose of this Agreement" referred to in Article XX-4(b) and (c). This is further indicated by the language of paragraph (c) of Article IV-5, following immediately after (b) above-quoted, as follows: "*When a change is proposed*, the Fund shall first take into account the changes, if any, which have already taken place in the *initial par value* of the member's currency as *determined under Article XX, Section 4.*"

It can scarcely be argued that the "change in the par value" referred to in paragraph (b) of this Section as requiring consultation, is any different from the "change in the par value" which paragraph (a) of the same Section says a member shall not propose except to correct a fundamental disequilibrium, or any different from the "change" which, when proposed, the Fund is to consider in accordance with paragraph (c) and subsequent paragraphs of the same Section.

It is clear that the procedure provided under IV-5 cannot be followed until the initial par value has in fact been determined under XX-4, and that consultation is not required until a change is contemplated in a par value which has been previously determined under XX-4. Indeed consultation, within the terms of the Agreement, is impossible until such a determination of par value has taken place.

### 3. IMPOSSIBILITY AND IMPRACTICABILITY OF ANY OTHER MEANING OF "PAR VALUE" OR OF ANY OTHER TIME FOR THE INITIAL ESTABLISHMENT OF PAR VALUE.

That the provisions of the Articles of Agreement do not admit of any doubt that par values do not exist before the time has elapsed and the procedure has been followed as provided in XX-4, may also be seen by considering the impossible situation which would exist today if any other view were adopted, such as the view that "par values" for all currencies existed on October 28, 1945, or on December 27, 1945, or at any time before the time specified in XX-4.

(1) Thus IV-2, entitled "Gold purchases based on par values" provides as follows: "The Fund shall prescribe a margin above and below *par value* for transactions in gold by members, and no member shall buy gold at a

price above par value plus the prescribed margin, or sell gold at a price above par value minus the prescribed margin." If it be said that par values exist today, then the Fund is at fault for not having yet prescribed the margin for purchases and sales of gold. Moreover, every member which has bought or sold gold since the Agreement came into force is in default for not awaiting a prescription of the margin by the Fund—or else, which is even more absurd, it must be held that members are free to buy and sell gold at any price they please notwithstanding the "existence" of par values in terms of gold.

(2) Again, by IV-3 and IV-4(b) each member must regulate exchange rates involving its currency and the currency of any other member, on the basis of the par value of each currency involved and within stated margins (1% on either side of parity, for spot transactions). If par values already exist, it follows, for one thing, that every member which has permitted or enforced a spread between buying and selling rates of more than 2% is in default of its obligations; and a number of members have in fact had such a spread. But what is worse, if par values "exist", the situation is completely unworkable, for how is any country, even assuming it knows its own par value, expected to know or ascertain the par value of every other member? Is every member expected to exchange notices with every other member? When? Why was no provision made for this in the Articles of Agreement? Surely it is because no such procedure was intended, or is necessary, and because a special procedure of a much simpler and more authoritative character was provided in Article XX-4. Until that procedure is followed, it is impossible for any member to ascertain the par value, for the purposes of the Agreement, of the currency of any other member for the plain reason that no such par value exists.

(3) Article IV-3(ii) provides that the margin of variation from parity in the case of forward exchange transactions shall not exceed the margin for spot exchange transactions "by more than the Fund considers reasonable." Here the argument of case (1) above applies again. If par values exist, the Fund is in default for not prescribing what it considers reasonable margins for forward exchange transactions. And members are all in default for engaging in forward transactions at all, or the absurdity arises that any member, notwithstanding the existence of par values, can buy and sell forward exchange at any rates whatever because no limits have been prescribed.

#### 4. SIGNIFICANCE OF THE DATE OF THE FUND'S REQUEST FOR COMMUNICATION OF PAR VALUES

The document as prepared by the Legal Division of the Fund, Executive Board Document No. 28, dated July 18, 1946, suggests on its first page that, whatever may be the case before the date of the Fund's *request* to be made under XX-4(a), the occurring of that event makes the obligation to consult conclusive. The same thought is expressed on page 6 of the Board Document. Examination of the provisions of the Articles of Agreement gives no support whatever to this view. There is nowhere any suggestion that the

*request* by the Fund has any other effect than to set in motion a certain procedure, and require a "communication" by each member within thirty days.

The Board Document says (page 1) "it seems clear that a member may not *change the value* of its currency between the date when the communication of the par value is *requested* and the date when exchange transactions begin, without consulting the Fund." The only authority cited is XX-4(f) which makes no reference whatever to the time of such request.

Use of the phrase "the value of its currency" in this place and elsewhere in the Board Document, including its title, is no doubt a careless slip, for "par value" is the matter under consideration. To speak of a "change" in par value, however, begs the question whether any par value yet exists, and so assumes the very point which has to be proved for the purpose of the Board Document.

The Board Document is careless in its use of language in other respects as well. Thus on the first page it says that "Other provisions of Section 4 describe the procedure to be followed after such communication to *adjust parities* and begin transactions". Neither the word "adjust" nor the word "parities" occurs anywhere in the Section, separately or in combination. The phrase "changes in par values" does not occur until paragraph (d)(iii), which deals only with enemy-occupied territories; and the phrase occurs in all two times, which would scarcely justify the description "several references" used on page 1 of the Board Document.

##### 5. THE SIGNIFICANCE OF PARAGRAPH (F) OF ARTICLE XX-4.

The Board Document relies almost entirely on an alleged implication in XX-4(f) for its thesis that the obligation of a member to consult the Fund exists before the determination of initial par values under XX-4(b) and (c).

It is to be noted that paragraph (f) itself does not purport to deal with the time or manner of establishment of par values or of subsequent changes in par values. It is concerned with the effect of certain changes on the position of a member of the Fund when a further proposed change, subsequent to the changes referred to, comes to be considered under IV-5(c). Article XX-4(f) reads in full as follows: "Changes in par values agreed with the Fund under this Section shall not be taken into account in determining whether a proposed change falls within (i), (ii) or (iii) of Article IV, Section 5(c)."

The Board Document says (page 1) that "Only those changes which are agreed with the Fund are excluded from the operation of Article IV, Section 5(c)" and that therefore "any change made during this period without agreement having been reached between the member and the Fund under Article XX, Section 4" is subject to IV-5(c) and requires consultation.

If, as is apparently the case, this statement is intended to be broader in its application than the case of changes in par values specifically covered in XX-4, namely the case referred to in XX-4(d)(iii), then it again assumes what has to be proved. It is clear that there cannot be a change in "the ini-

tial par value” of a member’s currency until there exists a par value, and if there is no par value in existence for the purposes of the Agreement, there is nothing to consult the Fund about.

The Board Document next deals with this question with reference to “the period of time between the establishment of the Executive Directors as a functioning body and the date when the Fund requests the communication of par values”. Under the heading “II. Specific Provisions” it concedes that the obligation to consult under IV-5 does not exist “during the period in question” if “par values within the meaning of this Section are not yet in effect. Accordingly the fundamental problem is to determine when a member’s currency first has a par value within the meaning of the Agreement.” (page 4).

For some reason, no such point was entertained on page 1 of the Board Document when dealing with the period subsequent to the Fund’s request for communication of par values; apparently it is only considered relevant—though a “fundamental problem”—for the earlier period.

The Board Document then argues that XX-4(b) can be read either way, that (a) and (f) indicate a pre-existence of par values, but that (c) “supports the contention that a member’s currency does not have a par value within the meaning of the Agreement until ninety days have elapsed from the date when the Fund requests the communication of par values, or until the Fund and the member have agreed on the par value.”

For reasons already outlined in the earlier sections of the present memorandum, paragraphs (b) and (c) clearly establish the time when par values “for the purposes of this Agreement” are first determined, and Article IV-5 expressly recognizes this when dealing with the obligation to consult.

The argument based on paragraph (a) of XX-4 is of no great importance. Even if some verbalistic interpretation would require the “existence” of some kind of metaphysical “par value” in order for it to be “communicated”, that does not constitute a par value “for the purposes of the Agreement” (to quote a significant phrase from paragraph (b) which the text of the Board Document ignores). Paragraphs (b) and (c) make it quite clear that paragraph (a) is merely procedural, and indeed they provide that there is *not* any par value for the purposes of the Agreement until a certain time, and that such a par value is only established by the expiration of 90 days after the Fund’s request, or by the reaching of an agreement between the Fund and the member concerned.

There remains to consider whether paragraph (f), on which the Board Document lays the most stress, introduces any ambiguity, and what effect should be given to it.

In the first place, as already noted, paragraph (f) does not deal with the time when par values come into existence, which is the subject-matter or part of the subject-matter of paragraphs (b) and (c). Paragraph (f) deals with something else entirely, and no argument drawn from it by a side-wind can override the clear words of (b) and (c).

In the second place, one of the two uses made of (f) by the Board Document rests entirely on a negative inference, always a process of doubtful validity. (The paragraph commences: "Changes in par values agreed with the Fund under this section. . ." The Board Document (page 1) seizes on this as implying that other changes, *not* made by agreement with the Fund under this Section, must also be contemplated by the Articles of Agreement, and contemplated as occurring during the period which the Board Document says is in question, and that if changes are possible, something must exist to be changed, and that therefore notwithstanding (b) and (c) par values must pre-exist the times specified in (b) and (c).)

In the third place, the Board Document suggests that the words "changes in par values agreed with the Fund under this Section" refer to the agreements between the Fund and members under (b) and (c), that is, that such agreements represent "changes" in pre-existing par values. The obvious answer is that (b) and (c) do not speak of "changes" at all. Paragraph (b) says that the par value based on October 1945 exchange rates communicated by a member in response to the Board's request, "shall be the par value of that member's currency for the purposes of this Agreement unless within ninety days after the request" the member or the Fund gives notice that it is unsatisfactory. Obviously, no one can tell what is going to be the par value until ninety days have elapsed. If notification of dissatisfaction is given before the ninety days are up, what happens? The par value is not "changed" because it does not yet exist. Paragraph (b) goes on to say that in such event the member and the Fund shall "agree upon a suitable par value." Similarly paragraph (c) speaks of the par value, not as being changed, but as being "established . . . by agreement." And Article IV-5(c) speaks of the "initial" par value as that which has been "determined under Article XX, Section 4."

In the fourth place, there is no need for paragraph (f) of XX-4 to qualify IV-5(c) so far as concerns par values established or determined under (b) and (c) of XX-4, and it therefore would be superfluous and without effect if it were to be so interpreted.

In the fifth place, there is a clear need for (f), and a clear application of it, with reference to enemy-occupied territories whose par values have been "changed" under (d) (iii) of XX-4. This, indeed, is the only place in XX-4, prior to (f), in which "*changes . . . made by agreement with the Fund*" are mentioned or provided for. Paragraph (f) refers to changes made "*under this Section*" and it is to this case therefore, by the ordinary rules of construction, that paragraph (f) must have reference, in the absence of evidence to the contrary.

Finally, there is the legislative history or drafting history of paragraph (f), which is dealt with at great length in the Board Document. As is correctly stated in the Board Document, the substance of paragraph (f) in an earlier draft appeared in sub-division (d) with reference only to members whose territories had been occupied by the enemy. Later it was removed and set up

separately as paragraph (f). The Board Document says (page 6): "This change clearly *indicates an intention* that the currencies of all members *should have* par values before the procedures set forth in Article XX, Section 4 have been carried out in full. It speaks of changes in par values taking place under Article XX, Section 4. There could be no changes in par values under this Section unless *each member* is considered to have a par value for its currency before it becomes eligible to buy currencies from the Fund."

The last sentence quoted is, of course, faulty in logic. The reference to "each member" is entirely unnecessary as paragraph (f) is fully meaningful in reference simply to the members whose territories were occupied, whose par values may in fact be "changed" as provided in paragraph (d).

The Legal Division's account of the legislative history of paragraph (f) is based entirely on the written texts and, no doubt for this reason, it omits any reference to one of the main considerations present in the minds of the drafters. It will be recalled by those who took part in the drafting that the representative at Bretton Woods of a country whose territory was then occupied by the enemy objected to the earlier draft as likely to give the impression that his country's initial par value was only provisional, and that it could be changed more or less freely—though by agreement with the Fund—for an indefinite period without using up the usual latitude for changes in par value under IV-5(c), and that such an impression would have undesirable effects and repercussions which would render more difficult the task of restoring economic order and stability after the liberation. In response to his request, it was decided to tone down the impression to which he objected, and in this process the clause in question was removed from (d) and placed in a separate paragraph (f). There was no intention to introduce by such a back door any wider application of the clause than it previously had with reference to currencies whose par values were changed by agreement with the Fund under paragraph (d). This would, indeed, have been a major change of substance beyond the competence of the Drafting Committee to make. On the other hand, the clause could be set up as it now stands precisely *because it could not have any other effect*, i.e., though generally worded it would not operate (because of the clear effect of (b) and (c) of XX-4, as well as IV-5(c)), and would not be needed, in respect of currencies other than the currencies of countries referred to in (d).

The reason why (d) and (f) speak of "changes in par values" of such currencies is quite plain. These are the currencies of members which are to be permitted to buy other currencies from the Fund before the expiration of the time specified in paragraph (b) (as extended pursuant to (d)). In order to buy other currencies, to compute the respective amounts of each currency, par values must be used—IV-1(b). Accordingly, for these countries, and these alone, the par value communicated under paragraph (a) of XX-4 may become an operative par value, and may be changed and the changed par value may in turn become an operative par value, before the expiration of the 90 days or longer period allowed. In this way

the *initial* par value for the purposes of IV-5(c) may come into existence and be used and then changed, so that it may not be *finally settled* for some considerable time, and perhaps only after a number of *changes* by agreement with the Fund. These are the “changes in par value agreed with the Fund *under this Section*” which are referred to in (f). For other countries there cannot be any such changes—either the communicated par value or the agreed par value becomes *established once and for all* as the initial par value before the member becomes eligible to buy currencies from the Fund; after such par value is established (and not before) Article IV-5 comes into operation. But for a country which was enemy-occupied, there may be any number of agreed changes in the operative par value, and it is necessary to provide, if not in (d) itself then in a separate paragraph such as (f), that such changes shall not be *subsequently* considered under IV-5(c) as having any bearing on the question whether a *subsequent* proposed change in par value comes under (i), (ii) or (iii) of IV-5(c).

#### 6. THE EFFECT OF CERTAIN GENERAL PROVISIONS OF THE ARTICLES OF AGREEMENT

The Articles of Agreement set forth a number of general purposes or objectives of the Fund in Article I, and certain “undertakings” of members are expressed in broad general language in Article IV-4(a), which reads as follows: “Each member undertakes to collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements with other members, and to avoid competitive exchange alterations.” This the Board Document takes to mean that a member would be ignoring its undertaking if it “altered the value of its currency without consulting the Fund regarding the advisability of such a step.”

Ordinarily, it would be thought that the specific provisions of Article IV-5 with regard to consultation on changes in par values (after they have been determined under XX-4) would govern such a matter. The collaboration envisaged in IV-4(a) is very broad, and covers a much wider field than exchange rates (specifically dealt with in IV-3 and IV-4(b)) and par values (IV-5). Specific obligations and procedures are set out in the Agreement for consultation with respect to par values, and the general language of IV-4(a) cannot be held to override the more specific provisions.

Collaboration in any event does not necessarily imply consultation on the initiative of the members. The subject matter of collaboration and the appropriate techniques must necessarily vary from time to time in accordance with the stage of organization of the Fund itself.

An important feature of “collaboration” is that it involves two parties. Collaboration between a member and the Fund depends on the ability of the Fund to take part, no less than on the willingness of the member. At present the Fund is in no position to collaborate, or to be “collaborated with”, with respect to proposed changes in exchange rates. The Fund has not yet determined whether “consultation” is to take place with the Managing Director only, or

with a subcommittee of the Executive Directors, or with the whole Board. If the Executive Directors are to be consulted, the question at once arises whether they are to be free to communicate information so received to the Governments which appointed or elected them, or to the national supervisory committees which in some cases control their actions; and if such communication is to be forbidden, no decision has yet been taken as to how provision for secrecy and security is to be made effective.

This is a matter to which members are entitled to attach the greatest importance and it is unreasonable to expect them to disclose to the Executive Directors their plans regarding alterations in exchange rates before the Executive Directors are in a position to assure them that the fullest possible provision has been made to safeguard the security of the information.

The character of the collaboration which the Fund is entitled to expect of members, particularly collaboration which goes beyond the specific provisions of the Agreement, must depend upon its own arrangements for collaboration with members. The Fund is at present in an organizational stage and no matter how willing or anxious members may be to collaborate with it, they cannot be expected to lose sight of this fact. Article IV-4(a) can only be reasonably interpreted in the light of these considerations.

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DF/Vol. 4283

*Mémorandum de la Banque du Canada*<sup>1</sup>*Memorandum by Bank of Canada*<sup>1</sup>

CONFIDENTIAL

[Ottawa,] August 30, 1946

## INTERNATIONAL MONETARY FUND

## POSITION PRIOR TO ESTABLISHMENT OF INITIAL EXCHANGE RATES

Rasminsky telephoned today and reported a conversation with Gutt yesterday. Gutt said he had examined the various memoranda and believed the Canadian memorandum was absolutely correct as a matter of law. He said, however, that a number of Executive Directors were still a little disturbed, and were particularly anxious that the Fund should be consulted about any further changes of exchange rates after the date on which the request is made for communication of the October, 1945, rates. It was intended to send out that request very soon, and it had been suggested that it should be accompanied by a further letter saying that the Fund was now prepared to consider and deal with matters affecting changes in exchange rates and wished that members should consult the Fund before making any further changes.

<sup>1</sup> L'auteur de ce mémorandum est probablement J. E. Coyne, l'assistant administratif des gouverneurs, Banque du Canada.

<sup>1</sup> The author of this memorandum is probably J. E. Coyne, Executive Assistant to the Governors, Bank of Canada.

Rasminsky said that clearly there was no legal right on the part of the Fund to make such a request. At this stage the Fund should not attempt to push the obligation to consult any further than the Articles of Agreement provided. Moreover there was a real risk of being rebuffed by some members.

He also said that to send out such a request might appear as an assertion by the Fund that it had a legal right to do so, whereas that question had not been thoroughly discussed or decided by the Board.

Gutt said that the Legal Division had prepared a further memorandum as a result of the submission of the Canadian memorandum, but that he had not yet circulated it. The new memorandum confirms the original view of the Legal Division but on different grounds. It drops entirely any reliance on particular Articles of the Agreement, and bases its argument on the general provision for consultation and collaboration with a view to maintaining exchange stability.

Rasminsky said that if this document were circulated, and if the request mentioned above were sent out to member countries, it would seem to cast a cloud over the Canadian action, and he would have to ask for a recorded vote on a number of specific propositions and, in the event of an unfavourable decision, to appeal the matter to the Board of Governors under Article 18.

Gutt, of course, deplored the prospect of any such action and said it would lead to endless argument over what was really an academic issue. Rasminsky then agreed to consider whether it would be possible to drop the matter entirely if the Legal Division's second memorandum were not submitted and if the special letter by the Fund to members were not sent. In such event the understanding would be that Gutt would say he had discussed the matter with various directors and the consensus was that no further action should be taken, and that the resolutions would be regarded as withdrawn, as also would be the request for a second memorandum by the Legal Division.

I discussed this matter with the Governor and phoned Rasminsky later to say we agreed with his views. I suggested he be sure and have the text of the letter from the Fund requesting communication of initial rates settled before the other matter is completely disposed of. He said he thought that would be done within a day or two. He raised the point whether it would be enough for our purpose to have the special request by the Fund dropped and allow the Legal Division's memorandum to be set before a meeting of the Executive Directors. I said I thought not, because that implied a continuation of the procedure which had been started at previous meetings of the Board, and that it would be much better and cleaner to insist that no further steps whatever be taken, with the implied threat that if anybody else took any further step we, in turn, would then proceed to fight the matter all the way up to the Board of Governors. He agreed.

Rasminsky said White had argued that the proposal would not seriously interfere with the expression of views by governments because an Executive Director would be constantly discussing questions affecting balance of payments and exchange rates with his government and would know its views. I replied that I thought such a situation was quite impossible, as under such circumstances an Executive Director would, on occasion, either have to, in effect, give away information as to what was happening at meetings of the Board or refuse to discuss something which would itself indicate to the government that the exchange rate of a particular country was under consideration.

2. On the other hand an Executive Director should not be bound hand and foot by his government, and it would be desirable in practice for each of them to have some discretion with regard to communicating information to his government, especially as regards timing, so that he would not have to refer back to his government before each vote or expression of opinion. This, however, would be for each government to decide for itself.

3. The Board should make it clear to the Managing Director that he had authority to discuss exchange rates and other matters with member governments informally and on a confidential basis if desired, that is, that the Managing Director (and his staff) could undertake, when consulted informally by a member, not to pass on any information which he received to the Executive Directors. This, of course, would only apply prior to the formal submission by the member country concerned of a proposal for a change in exchange rates.

4. With respect to a formal proposal of a kind not requiring the Fund's concurrence but merely requiring formal notification or consultation, it should be recognized by the Executive Directors that any member country concerned would take a very narrow view of the time interval required to satisfy its obligations in this regard, unless perhaps the Managing Director could be given some authority in such a case, even though there were a formal proposal, to discuss matters with the member country before passing on the information to the Executive Directors.

5. In the case of a formal proposal for a change in exchange rates requiring concurrence or dissent by the Fund within 72 hours, it was our view that the intention was to give 72 hours' notice to the full Board of Executive Directors, or approximately that length of time. The technical requirements of the Agreement could probably be satisfied by notice to the Managing Director, but it would have to be expected that he would pass on the word to the Executive Directors immediately, or at any rate first thing the following morning.

6. In the case of a formal proposal not requiring action by the Fund within a specified time limit, or in the case of any other matter to be dealt

with by the Executive Directors, the Board should give considerable latitude to the Managing Director to exercise his own discretion as to when to bring a matter before them and in what form. He should be free to agree to a request by a member government not to reveal such a matter to the Executive Directors until the member government gave the word.

7. When a matter such as a proposed change of exchange rates comes before them, it was our view that the Executive Directors should endeavour, as a working rule, to hear the application expounded by the member concerned, and to hear the views of the Managing Director and any information or recommendation which he might provide, and then to have some preliminary discussion in the Board meeting before, in most cases, feeling under any obligation to consult their governments. In particular, it should be clearly understood that no Executive Director would communicate with his government on such a matter before notifying the others of his intention to do so. We felt, however, that this was as far as the Board could go in the matter, and that no rigid rule could be laid down with respect to the time at which, or the circumstances in which, an Executive Director would be free to notify or consult his government.

8. It was also felt it would be useful for Rasminsky to point out to the Board the manner in which a member desiring to change its exchange rates more than the first ten per cent would probably proceed. Since the Fund could, if necessary, delay a decision for 72 hours, and since it would be impossible to guarantee complete secrecy, the member country concerned would have to either choose a period in which there were three consecutive holidays, or would have to declare a special holiday or holidays, at least as regards foreign exchange transactions and stock market transactions. In the latter event, the member would be in effect giving public notice to its own people and to the world at large that a change in exchange rates was being discussed with the Fund, although it would not say in what direction the change would be nor how great it would be.

9. I also remarked that it would considerably help any member in such a position if the Executive Directors endeavoured, wherever possible, to dispose of the matter in less than 72 hours. In all fairly clear cases which had been discussed in confidence with the Managing Director in advance, it should be possible to do this, and indeed in such cases Executive Directors might not feel it necessary to consult or inform their governments until after their decision had been made. Likewise in cases in which an actual 72-hour time limit was not imposed by the Articles of Agreement, it would nevertheless be desirable for the Executive Directors to endeavour to render a decision as promptly as in the previous case. It should be remembered that the basic information would be available in the Research Department, and that at least the possibility of a change in the rate would probably have been discussed with the Managing Director in advance of communication of a formal proposal.

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DEA/6000-H-40

*Mémorandum du gouverneur de la Banque du Canada*<sup>1</sup>*Memorandum by Governor of the Bank of Canada*<sup>1</sup>

CONFIDENTIAL

Ottawa, October 23, 1946

MEETINGS OF BOARD OF GOVERNORS OF INTERNATIONAL FUND AND  
INTERNATIONAL BANK, WASHINGTON, SEPTEMBER 27-OCTOBER 4

The meetings of the Fund<sup>2</sup> were mainly taken up with the formalities of agreeing to recommendations of the Managing Director and Executive Directors on by-laws, admission to membership of Italy, Lebanon, Syria and Turkey, revision of quotas for Paraguay and France, rules and regulations, election of officers and place of next meeting.

The only dissenting voice raised during these meetings was that of Yugoslavia, which objected to the admission of Italy. They lost the day.

A resolution concerning silver was buried in verbiage.

Behind the scenes, there had been some difficulty in regard to France's application for an increased quota. At Bretton Woods, the statistical method of arriving at quotas would have brought France out with something in the neighbourhood of \$650 millions. France's political position at that time being by no means strong, she was whittled down to \$450 millions. The United States was unwilling to agree to an increase of more than \$75 millions, and one of the arguments which they used was that a larger increase would too seriously disturb the relative position of various countries decided upon at Bretton Woods. It might even have brought France ahead of China. This assumes that the Bretton Woods meetings established a hierarchy. One would hardly agree that changing conditions in various countries should not justify upward or downward revision of their respective quotas, but that no doubt is a matter for the future. France expressed her thanks for the increase in her quota, at the same time reserving her right to reopen the question at some future date. China noted that she was refraining from asking for an increase in her quota at this meeting, but gave no guarantee that similar restraint would be employed in the future.

Our main concern during the meetings was to reverse the recent decision of the Executive Directors that the Managing Director had no discretion in regard to withholding from Executive Directors information which he received in the course of informal discussions with members—particularly information

<sup>1</sup> M. Towers avait été le représentant suppléant aux réunions du Conseil des Gouverneurs.

<sup>2</sup> Les procès-verbaux de ces réunions sont reproduits dans *First Annual Meeting of the Board of Governors: Report of the Executive Directors and Summary Proceedings, September 27 to October 3, 1946*. Washington: Fonds monétaire international, 1946.

<sup>1</sup> Mr. Towers had been the Alternate Representative at the meetings of the Board of Governors.

<sup>2</sup> For the proceedings of these meetings see *First Annual Meeting of the Board of Governors: Report of the Executive Directors and Summary Proceedings, September 27 to October 3, 1946*. Washington: International Monetary Fund, 1946.

in regard to members' thoughts on the subject of changes in rates. I saw Clayton the day after I arrived in Washington, and put before him the obvious and familiar arguments: that anything told to Executive Directors would reach their governments and become public property: that members would tell the Managing Director nothing if they knew that what Managing Director heard would be transmitted to Executive Directors: that the Fund would then receive information in regard to change of rates at the very last moment: that the intention to change a rate would be publicly known at the time of application and a government would have great difficulty in reversing its stand: that any chance for the Fund to exercise some moderating influence in advance, or to prepare material for the Board to consider at the time of formal application, would be gone.

Clayton simply said that the arguments which were put forward were completely unanswerable, and that he would work on his colleagues to get them to agree to the exercise of discretion by Managing Director. We subsequently saw White together, and White said that he had no objection to expunging from the record the adverse decision of the Executive Directors, but that the Managing Director would still know that representatives of various governments expected him to tell them everything. Clayton said that got us nowhere, and was not the intention of the U.S. Government. White then said that he would agree on the exercise of discretion provided the Managing Director said nothing to any member of his staff. Clayton said that was nonsense: the Managing Director and his staff were one person. It was finally agreed that the Managing Director should exercise discretion in the sense we had in mind, provided that if he imparted information in regard to a proposed change of rate to one Executive Director he would at the same time tell them all.

It was finally agreed with Clayton that at the next meeting of the Executive Directors, when the minute of the previous meeting came forward for confirmation, Rasminsky would say that he had been giving the minute fresh consideration—and that he understood others had been doing the same—and would move for unanimous agreement in expunging the minute from the records of the Board. Gutt would then make an appropriate statement indicating how he intended to carry on. This procedure was followed, but White's ill-considered intervention resulted in the previous minute standing, and the agreed arrangement being recorded as an amendment of the earlier decision of the Executive Board. This, of course, strengthens the position we had been defending.

Throughout the proceedings, we were in touch with the representatives of Belgium, Holland, France, U.K. and Czechoslovakia, all of whom shared our views. Dalton, who felt most strongly on the subject, spoke to Snyder on more than one occasion.

### *International Bank*

The subject of main interest which I discussed outside of meetings was the practicability of the Bank selling substantial amounts of its debentures in the U.S. market.

I said to Meyer that I had not had any talks with investors or financial people in the United States, but that I had considerable doubts in regard to the ability of the Bank to sell substantial amounts of long term securities. I thought that institutional investors—on whom the Bank must rely—would picture the issuance of very large amounts of debentures, would fear that political and economic developments would make it impossible to collect loans made to a number of countries in U.S. dollars, and would then look to see what protection was afforded the debentures by the commitment of members of the Bank to pay up. They would not give much weight to the obligations of countries other than the United States and Canada, and would therefore hesitate to buy the securities. If these assumptions were wrong, I would be very glad. If they were right, would it not be a good thing for the Bank to let it be known that they did not expect to operate on a really large scale. As matters stood, I feared that some prospective borrowers had exaggerated notions about what the Bank could do. Prospective lenders might also have these exaggerated notions about what the Bank would *try* to do. Both sides, and the Bank itself, would be better off if the thinking got closer to what I believed to be the realities of the situation.

I added that I did not hold the views that the Bank could not make *any* issue in the U.S. market. If it allowed itself to be persuaded to put out short term obligations—say up to ten years—I had no doubt that a number of institutional investors would play along *once* for reasonable amounts. But that would not be a very satisfactory way of doing business.

If it turned out that my guesses were right, it might be necessary later on to consider a change in the limitation on guarantees and loans of the Bank—bringing it below the 100 per cent figure referred to in Article III, section 3.

Collado, in discussing ability of the Bank to borrow in the United States, was quite optimistic, referring to the co-operative attitude of the New York State Savings Bank, Giannini and others. He totted up prospects amounting to some hundreds of millions of dollars after appropriate changes were made in laws. But it was all very vague.

I happened to see Neville Ford of First Boston Corporation when in Washington. He is a member of Meyer's informal Advisory Committee of financial experts headed by Harold Stanley, and was in Washington to discuss these matters with Meyer. He told me that nothing conclusive had come from the discussions.

In conversation with Grigg, I expressed views similar to those which I gave to Meyer.

Collado felt that if the Bank was to get going at all, they could not restrict themselves in all cases to specific project loans: that they would have to do something for countries such as France, Holland, Poland, Czechoslovakia and Denmark based on a general programme of reconstruction. He had in mind such amounts as \$200 millions for France, \$50 millions Poland, \$34/40 millions Denmark, and so forth. By coincidence, the amounts would be very

similar to credits extended to a number of these countries by Canada. I think that Collado is right although the Bank will no doubt wish to obtain information which is as convincing as possible in regard to the machinery and materials for reconstruction which these countries wish to obtain from the proceeds of loans.

Meyer had one or two private conversations with Bryce and myself. He is embarrassingly enthusiastic about Canada, no doubt because of his contacts with those of our nationality who are associated with the Bank and the Fund.

G. F. TOWERS

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W.L.M.K./Vol. 334

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

*Memorandum by Under-Secretary of State for External Affairs  
to Prime Minister*

TOP SECRET AND PERSONAL

[Ottawa,] December 7, 1946

With reference to the attached telegram, I should mention that, shortly before its arrival this morning, Mr. Atherton called to see me to tell me that he had been asked to approach, on a personal and confidential basis, Mr. Towers with a view to ascertaining whether he would be available to succeed Mr. Eugene Meyer as President of the Bank. Mr. Atherton was most anxious that there should be no leakage in this matter, as it was being handled in Washington on the very highest level, and neither the Americans on the Bank or in the Treasury knew anything about this approach. Apparently the President and the Secretary of State were very concerned to obtain the best possible successor to Mr. Meyer, and felt that Mr. Towers was the man.

I went to Mr. Towers' office later in the morning with Mr. Atherton, at the latter's request, when the United States Ambassador asked Mr. Towers if he would be available, and explained to him why they were anxious to have him. Mr. Towers said that he would think the matter over, and indicated to me later that he would like to have a word with you about it.

The British apparently would like to support Mr. Gordon for the post, on the assumption that Mr. Towers would not be willing to accept it. I have mentioned this to Mr. Towers. He was aware that they hoped to secure Mr. Gordon, but he is also quite aware of the fact that if he himself were willing to accept the post, he would have their support.

On the whole, it appears that both the United States and the United Kingdom consider Mr. Towers their first choice, and Mr. Gordon their second. This is quite a tribute to the calibre of the two men.

L. B. PEARSON

## [PIÈCE JOINTE/ENCLOSURE]

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

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

TELEGRAM 2347

London, December 6, 1946

SECRET AND PERSONAL. Following for Pearson from Robertson, Begins:

1. Sir Wilfred Eady<sup>1</sup> has asked me as a matter of urgency to ascertain whether the Prime Minister and Mr. Ilsley would feel that Donald Gordon's name could be considered as possible President of the International Bank in place of Eugene Meyer.

2. The United Kingdom authorities are very concerned about the way the Bank organization has developed during the brief period of Meyer's Presidency, and even more worried about what might happen should his successor prove unequal to what they regard as a really pivotal post in the world economic set-up. They see no hope of a really strong American nomination such as Clayton or Acheson, and fear that a weak candidate such as Snyder may be put forward. In these circumstances they think the only way of getting the Bank properly on its feet is to find a really first class Canadian as President. Towers, they know, is unavailable but they hope that Donald Gordon might be willing to consider the post and might be acceptable to the United States.

3. Eady feels that the role and responsibilities of the International Bank have been greatly increased in recent months by developments in general American policy, and that the need for strong and trusted direction of its operations has increased accordingly. The ending of UNRRA, the decision against expanding the lending capacity of the Export-Import Bank, the political difficulties which will preclude the Administration from asking for Congressional approval of further direct foreign loans, all tend to make the position of the International Bank more difficult and more important than at first seemed likely. I gather that the British view is that Meyer's administration has largely lost the Bank the co-operation and support of the New York financial agencies which had been promised, and which is essential if guaranteed loans are to be marketed at reasonable rates. They feel that the ground lost can be regained, but only if a really first-class man is found to replace Meyer; and they hope very much that Gordon would be available and willing to tackle the job. Ends.

<sup>1</sup>Deuxième secrétaire conjoint, la Trésorerie de Grande-Bretagne.

<sup>1</sup>Joint Second Secretary, Treasury of Great Britain.

## PARTIE 3/PART 3

CONFÉRENCE INTERNATIONALE DE L'ÉTAIN  
INTERNATIONAL TIN CONFERENCE

697.

DEA/9173-40

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

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

TELEGRAM 1572

Ottawa, August 30, 1946

Reference Dominions Office telegrams D.777 and 778 of August 19.†  
International Tin Conference.

1. Although Canada is not a member of the International Tin Committee and has not been invited to the Conference as an important consumer, the Minister of Reconstruction has informed us that in view of the high importance of tin imports to the Canadian economy he considers that Canada should participate in the Conference. The Department of Trade and Commerce shares this view and in general is anxious that we should participate in commodity discussions of this nature.

2. We recognize that there may be reasons why it would not now be possible to extend an invitation to Canada to participate as a member of the Conference, but in that case we would like at least to have a Canadian observer at the meetings. Please therefore approach the United Kingdom authorities informally with the suggestion that an invitation should be extended to Canada and if you encounter difficulties in this fall back on the proposal to send an observer. Since we would need some time to prepare for the meeting we should be glad to have an early reply.

698.

DEA/9173-40

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

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

TELEGRAM 1897

London, September 13, 1946

Your telegram No. 1572 of August 30th.

1. United Kingdom authorities have given very careful consideration to our representations but explain that they would be faced with very great

difficulties if the Canadian authorities were to press for representation at forthcoming Tin Conference.

2. In deciding which countries are to be invited, a line has to be drawn somewhere and in this case it was felt that a normal pre-war consumption level of 10,000 tons per annum provided the best criterion. If Canada were to be represented it would be necessary to invite three or four other countries with equivalent claims and United Kingdom authorities are very anxious that such an extension should be avoided.

3. They agree it is most important that the interests of Canada should receive every consideration and repeat that it will be of great help to be kept informed of Canadian views on questions as they come up for discussion by the Conference. At the same time, United Kingdom delegation will be able to keep us currently in touch with events through informal discussions as described in my telegram No. 1733 dated August 15th† and to discuss Canadian position further if some permanent organization is contemplated. In all these circumstances, United Kingdom authorities hope that Canadian requests for representation at the Conference will not be pressed.

#### PARTIE 4/PART 4

### SOCIÉTÉ DES NATIONS

### LEAGUE OF NATIONS

699.

DEA/65-T-40

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

CONFIDENTIAL

[Ottawa,] March 30, 1946

I attach two copies of a memorandum which I am taking with me to Geneva dealing with questions that may arise at the forthcoming League Assembly. You may wish to send a copy to the Prime Minister. I am also circulating a copy to the First and Second Political Divisions and the Legal Division for information. If instructions have to be sought during the Assembly, it may facilitate matters if I am able to refer to the numbered sections in this memorandum. I think that no formal instructions to the delegation are required at this point unless objection is taken to some of my suggestions.

I shall have no secret means of my own of communicating between Geneva and Ottawa. For security reasons I do not want to take a book cypher with me and there is no suitable confidential code to use in its place. I have asked Canada House to enquire whether in case of need I can avail myself of the

cypher facilities of the United Kingdom delegation or the British Consulate. Unless things go badly this need should not arise. I do not propose to report currently by telegram on what goes on except perhaps to send an occasional message en clair.

My own movements are as follows:

I leave Montreal on April 1st and should reach London on the 2nd or 3rd. I have an air reservation for Geneva on the 4th. The Assembly opens on the 8th and is due to end by the 18th. I think that I shall go to Paris over Easter (the 21st) and thence probably back to England, returning here before the end of the month. In Geneva the delegation's address will be the Hotel de la Paix. If secret communications have to be sent to me there, they should probably be transmitted through Canada House and the Foreign Office.

H. W[RONG]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum by Associate Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa,] March 28, 1946

THE TWENTY-SECOND ASSEMBLY OF LEAGUE OF NATIONS

1. The documents setting forth the provisional agenda of the forthcoming League Assembly contain no indication of the more difficult problems which may arise. The central purpose of the Assembly is to authorize on behalf of the states members of the League of Nations the taking of the steps required to terminate the League's existence. The chief document to be considered is the agreement negotiated between the Supervisory Commission of the League and a committee of the United Nations which was approved by the United Nations Assembly in London. This main agreement deals with the transfer of the property and other material assets of the League of Nations to the United Nations. The League Assembly will also be asked to give effect to other resolutions of the United Nations Assembly concerning the assumption by the United Nations of certain non-technical functions of the League and of certain duties and responsibilities placed upon the League by numerous international conventions.

2. MEMBERS OF THE LEAGUE OF NATIONS.

The current list of states members of the League includes all those which were members when the Council and Assembly last met in 1939 less a number of states which have resigned since then from the League on giving the two years' notice required by the Covenant. Forty-four states appear in the list, but of those the three Baltic Republics have lost their independent existence and

the position of Albania is dubious. Not more than forty states will, therefore, be represented at Geneva, and it is probable that several of those still shown as states members (especially perhaps some which are heavily in default on their financial obligations) will fail to put in an appearance. Thirty-two of these forty-four states are members of the United Nations and their delegation voted in the United Nations Assembly in favour of the agreement referred to in the first paragraph. Of the remainder, five retained their neutrality throughout the war; these are Afghanistan, Ireland, Portugal, Sweden and Switzerland. Three on the League list fought on the side of the Axis powers during the war; these are Bulgaria, Finland and Siam. Among the forty states which may be represented there are only nine of the twenty Latin American states, the rest having all resigned from the League. There are, however, no fewer than eighteen European states on the list—a contrast with the under-representation of Europe in the United Nations Assembly.

### 3. DELEGATIONS.

Little is known as yet about the composition of the delegations, except that the United Kingdom will be represented by a strong team including possibly Mr. Bevin and certainly Mr. Noel-Baker, Sir Hartley Shawcross, Mr. Glenvil Hall and perhaps Lord Cecil. The French are said to intend to send a delegation headed by a Cabinet Minister. Mr. Uden, former Swedish Foreign Minister, is expected to head the Swedish delegation. It is not unlikely that, among the neutrals, Sweden and Switzerland at any rate will desire to be strongly represented, so as to take the opportunity of sitting once more as equals in an international conference.

### 4. ARRANGEMENTS FOR LIQUIDATING THE LEAGUE.

It will be necessary for the Assembly to pass a large number of resolutions in order to give effect to the agreement with the United Nations and to take the necessary steps to terminate the activities and interests of the League which fall outside the scope of this agreement. Exact instructions on these matters do not seem to be required by the Canadian delegation. At the United Nations Assembly we supported the basic plan; and what is to be done in Geneva is to approve this plan on behalf of the other party to the agreement and to make provision for its execution. This will include the appointment of a Liquidating Committee to complete the task of winding up the affairs of the League as soon as possible. Decisions of the Assembly will require unanimous consent, but unless political difficulties arise, serious trouble in achieving unanimity is not anticipated.

The accumulated effect of the detailed decisions to terminate the functions and dispose of the possessions of the League of Nations will end the existence of the League *de facto*. Certain formal general resolutions will also be required to make clear in simple terms that the League has ceased to exist and that member states are released from their obligations under the Covenant. No drafts of these resolutions have been received. One resolution will be

needed to dissolve the Permanent Court of International Justice. Another, and probably the final resolution of the League Assembly, should announce the dissolution of the League. It is believed that such a resolution (provided, of course, that it secures unanimous consent) is the only effective means whereby the Covenant can be formally terminated through its simultaneous multilateral denunciation by all members.

#### 5. POSSIBLE POLITICAL PROBLEMS.

A state or group of states bent on making trouble will, however, have opportunities for doing so. It is not possible to seek guidance in advance on the position to be taken if such difficulties should arise. Some of the possibilities are as follows:

(a) The countries which may be represented include three Allied states within the Soviet sphere and also two ex-enemy states from that region. These are Czechoslovakia, Poland, Yugoslavia, Finland and Bulgaria. If the Soviet Government is looking for another means of making trouble, it could, through the mouths of this group of clients, upset the plans for liquidation. It is also conceivable that the Soviet Government might attempt to make use of this last opportunity of reversing the condemnation passed upon it by the Assembly at the time of the first Soviet-Finnish war in December 1939, and of expunging the finding of the Council "that by its act the Union of Soviet Socialist Republics has placed itself outside the League of Nations". The validity of the expulsion of the U.S.S.R. from the League has frequently been contested by international lawyers, not only by those from the Soviet Union.

(b) Another problem affecting the U.S.S.R. is more likely to arise: whether they are entitled to be credited on the books of the United Nations with their proportionate share of the material assets of the League which are to be transferred to the United Nations. At the General Assembly in London a member of the Soviet delegation intimated informally that his Government would expect to be so credited; the matter was not pursued then as it could only be decided by the League. States which have withdrawn from the League, and have thus by their own deliberate decision renounced their obligations and rights as League members, would seem to have no equitable claim to share in the distribution of League assets. Indeed, if their claim were to be admitted, it would be necessary to credit Germany, Japan, the Axis satellites and Spain with a substantial share of the assets. It could be argued, however, that a state expelled from the League (and the U.S.S.R. is the only one) is in a different position. If such a proposal comes up, it might be left to the discretion of the Canadian delegates whether in the prevailing circumstances they should support it.

(c) The position of the Baltic Republics may create some difficulty. Although the 1939 Governments of the three Republics still have certain agents abroad who claim to speak in their name, the Governments themselves have disappeared. Some of these representatives abroad have ap-

proached the League Secretariat with an intimation that they expect to be invited to represent the defunct regimes; no invitation, however, has been extended to them and it is unlikely that any serious issue can arise in this connection.

The three Soviet Socialist Republics which have taken the place of the independent Baltic states have asked that the share of these states in the value of the League assets should be credited to the U.S.S.R. The Baltic Republics would seem to be entitled to claim their share, but there may be difficulties over agreeing that the U.S.S.R. should get the benefit of the small financial advantages which accrued to the Baltic states before they were swallowed by Russia.

(d) The Albanian Government has not been invited to send a delegation. Albania was not stricken from the list of League members following the Italian occupation before the war, as this would have constituted recognition of an act of aggression. While the situation of Albania in some ways resembles that of the Baltic Republics, it differs in that an independent Albanian Government has now emerged which is not yet recognized by most of the League members. There would seem to be no very strong reason why the seating of an Albanian delegation should be resisted if one turns up with adequate credentials and demands admission.

(e) Little difficulty is expected from the possible presence in Geneva of delegations from the three ex-enemy states of Bulgaria, Finland and Siam. They are still all controlled by armistices or terms of surrender, and if they prove uncooperative it might be feasible to invoke the armistice conditions in order to compel compliance. If this were to happen, Bulgaria rather than Finland or Siam would probably be the trouble-maker.

(f) The Austrian Government has indicated to the United Kingdom that they would like an invitation. Their request has been turned down for good reasons, as Austria formally ceased to be a member of the League when her annexation to Germany was generally recognized.

## 6. MANDATES.

Special problems are presented in connection with the termination of the mandates system. These have been the subject of telegrams recently exchanged with London. While no item referring to mandates appears now on the agenda of the Assembly, it is to be expected that some action by the Assembly will be required. In the case of the African mandates (except Southwest Africa) and the Pacific mandates (except the Japanese mandates) the mandatory powers have all declared at the United Nations Assembly their intention of entering into trusteeship agreements to replace the mandates. In the cases of Syria, Lebanon and Transjordan the transition to independence has been or is about to be achieved. In the case of Palestine, the report of the Anglo-American Commission of Enquiry is awaited before its future status in relation to the United Nations can be determined. The continued refusal of the South African Government to consider placing

Southwest Africa under trusteeship may cause very difficult political and legal problems, especially if their alleged intention is fulfilled of issuing a declaration that the South African Government will continue to observe the terms of the League Mandate after the disappearance of the League. Doubts over the future of Japanese mandates center mainly around the desire of certain elements in the War and Navy Departments in Washington to annex outright certain of the islands. These problems will not be settled at Geneva; indeed, they cannot be settled without the concurrence of the United States.

#### 7. CONTINUATION OF TECHNICAL FUNCTIONS.

While August 1st, 1946, is set as the approximate date for the transfer of League assets to the United Nations, it will be necessary to make provision for the temporary continuation of certain technical functions until the United Nations is prepared to assume them. It is particularly important that the administrative work undertaken by the League Secretariat under the international conventions dealing with the control of narcotic drugs should not be interrupted until the United Nations is ready to take it over. It is also important that the group of pre-war refugees who remain the responsibility of the League High Commissioner for Refugees should not have his services withdrawn until the projected United Nations machinery for dealing with refugees is in being. The transfer of these and other continuing technical activities to the agencies of the United Nations ought to be completed by the end of the year. The League should by that time have completely disappeared or be in the ultimate stage of liquidation.

#### 8. DISTRIBUTION OF LEAGUE ASSETS.

It is proposed that each League member should share in the assets of the League in accordance with the proportion that its contribution bears to the total contributions to the League during its entire existence. Any liquid assets remaining after all current obligations have been discharged would be distributed direct to member states. The material assets to be transferred to the United Nations (mainly the buildings and land at Geneva) are valued at about twelve million dollars. The agreement with the United Nations provides that each League member which is also a member of the United Nations should be credited with its share on the books of the United Nations. The United Nations Assembly would itself decide when and how these credits were to be applied. This is an equitable scheme, and the difficulties in its application are those of detail. First, there will doubtless be argument over the determination of the proportionate shares of League members. Secondly, the fact that numerous states are in arrears in their League contributions will lead to demands for special adjustments. Thirdly, provision must be made for crediting in some way with their shares the states which are members of the League but not of the United Nations.

## 9. FUNERAL ORATORY.

In accordance with the ancient and honoured custom whereby eulogies are delivered when men and institutions pass away, the closing ceremonies at Geneva are likely to be devoted to a succession of funeral speeches. It will doubtless be appropriate, even though unwelcome to him and his audience, that the head of the Canadian delegation should make a short speech on this occasion. Perhaps it can be left to him to determine what should be said, in not more than five minutes, with propriety and without political embarrassment.

700.

DEA/65-T-40

*La délégation à la Société des Nations au secrétaire d'État  
aux Affaires extérieures*

*Delegation to the League of Nations to Secretary of State  
for External Affairs*

TELEGRAM 11

Geneva, April 19, 1946

My telegram No. 10.†

1. Closing session yesterday went peacefully and without much inspiration, except for moving speech by Noel-Baker and Hambro's closing remarks. The League of Nations, therefore, ended its existence today.

2. Unanimous solutions were found by Sub-Committee on which I sat for two most ticklish questions—the possibility of giving Russia a share in the assets and the composition of the Board of Liquidation. The mandate question gave little trouble and was the subject of unanimous solution; Egypt abstained.

3. It was agreed that admission of Russia to share in the assets would raise intricate problems such as claims of Brazil, Chile, Austria, and other former members. Assembly merely adopted resolution recognizing the fundamental contributions of Russia to the Allied victory and welcoming Soviet collaboration in the United Nations.

4. Liquidation Board of nine, including safe majority of responsible persons, was appointed with instructions to wind up the affairs of the League as soon as possible.<sup>1</sup>

5. Lengthy final resolution providing for the dissolving of the League, appointment of Board of Liquidation, separation of International Labour

<sup>1</sup> En juillet 1947, la Commission de liquidation décida que la part du Canada dans les valeurs liquides était d'un crédit de 745,040.10 francs suisses et 3,116,503.54 francs suisses en valeurs matérielles.

<sup>1</sup> In July 1947, the Board of Liquidation decided that the Canadian share of the liquid assets was a credit of 745,040.10 Swiss Francs and 3,116,503.54 Swiss Francs in material assets.

Office, transfer to International Labour Office of Pensions Funds, Working Capital Fund and some other joint services, was then adopted on roll-call without abstentions.

6. There was no evidence of desire to make political difficulties throughout the proceedings. The discussions concerning Russia were clearly not inspired from Moscow.<sup>1</sup>

## PARTIE 5/PART 5

## UNION PANAMÉRICAINNE

## PAN-AMERICAN UNION

701.

DEA/7305-A-40

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

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

SECRET

Ottawa, January 7, 1946

Dear Mr. Pearson,

You will recall that from the time of the San Francisco Conference there have been occasional references to the possibility of Canada becoming a signatory to the inter-American defence treaty which, it was agreed at Chapultepec, should be entered into after the war by the American Republics. I enclose a copy of an informal letter that Mr. Hickerson sent me<sup>†</sup> and the attached proposals for a treaty which were sent out by the State Department in December.

We have given this some thought in the Department and have recently discussed it with the Chiefs of Staff and the Canadian Section of the Permanent Joint Board on Defence as a problem related to the forthcoming revision of Canadian-United States defence plans. There is general agreement that at the present time the best course is to remain on the sidelines. The problem as we see it is almost entirely political. So far as our own defence is concerned, the advantages and liabilities accruing to Canada would probably be about the same, whether we were a signatory to an inter-American defence treaty or were content to concert our arrangements with the United States alone as is already planned.

<sup>1</sup> Voir Rapport des délégués canadiens à la vingt et unième assemblée de la Société des Nations dans Canada, Ministère des Affaires extérieures, *Recueil des conférences*, 1946, N° 2.

<sup>1</sup> See Report of the Canadian Delegation to the Twenty-first Assembly of the League of Nations in Canada, Department of External Affairs, *Conference Series*, 1946, No. 2.

In considering the political arguments, it seemed to us that a case for joining the negotiations could be made out if the United States were particularly anxious to see us come in, or if Canadian public opinion felt strongly that the cause of peace and security would be served thereby. Neither of these conditions appears to be present. Indeed, recent upheavals in Latin America have probably dampened enthusiasm for association with the affairs of the republics. While it might be argued that Canada could make a contribution to world security by broadening and strengthening a regional system in this hemisphere, we feel that it would be preferable to work out military staff agreements under the United Nations Charter first and then consider what regional supplements are required. We do not see any danger to the security of any American Nation in thus revising the Chapultepec timetable.

We think it would be particularly difficult to enter into regional treaty negotiations with the other American countries at the present time when there has been no exchange of views between British Commonwealth countries regarding the post-war defence arrangements. The question would at once be raised, both in Canada and elsewhere in the Commonwealth, why we could sign an inter-American treaty and could not do the same with a Commonwealth agreement.

It would not be easy to explain our reluctance to the State Department or to the public, since our principal reasons for hesitation are a belief that an inter-American treaty would be largely meaningless in terms of defence advantages and liabilities, and an unwillingness to complicate the problem of Commonwealth defence relationships. It has been suggested, however, in our discussion with the Defence Departments that we should ask you to tell the State Department that, for the present, we do not intend to ask for representation at the negotiations (and would not be disposed to accept an invitation) on the grounds that we would like to tackle first the question of military staff agreements under the Charter. Indeed, we wonder whether this course would not be preferable for all the American Nations. If the United Nations Organization is to be a success, there is an advantage in having the general security arrangements take precedence over regional plans which could be completed a good deal more intelligently when the outlines of the general agreements are known. You might put this point to the State Department and try to find out how firmly they believe in the importance of driving ahead with a hemisphere treaty before the larger plans are negotiated. Our attitude towards a hemisphere treaty might be rather different if it followed rather than preceded, the military agreements contemplated under Article 43 of the Charter.

Your sincerely,

N. A. ROBERTSON

702.

DEA/7305-A-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*

Washington, January 18, 1946

Dear Mr. Robertson,

Your letter of January 7th dealing with the proposed inter-American defence arrangements to be negotiated at the forthcoming conference in Rio reached me an hour or so before Dean Acheson came to lunch with me at the Embassy. During our talk after lunch I had a very good opportunity to discuss with him informally some of the questions which you raised in your communication. He had already received a message from Mr. Atherton dealing with some of these questions. This message, in fact, had told him that we did not wish to attend the Rio Conference, or to become a party at this time to the treaty. Since Mr. Acheson seemed to know so much about our attitude, I thought it might be desirable to go a little further into the matter than I would otherwise have done on the basis of your communication. I told him, therefore, that Mr. Atherton may have been somewhat more positive in this matter than the situation justified. I explained this by pointing out some of the difficulties, to which you referred in your letter and which made the formulation of a Canadian policy not easy; and which made it necessary to weigh the advantages and disadvantages of any particular attitude. I mentioned particularly our feeling that the United Nations might well first work out its military staff arrangements before regional supplementary arrangements were concluded; also the fact that within the Commonwealth there were no military agreements as binding as that which the draft proposals (attached to your letter) seemed to envisage. Mr. Acheson quite understood our position, and thought that this position was well met by the draft proposals in question which, by referring to American States and not American Republics, made it possible for our accession to the treaty if and when that seemed to all concerned to be desirable; without making specific mention of Canada which might at this moment involve some of the difficulties to which I had alluded.

Remembering a conversation I had had on this subject with Senator Vandenberg some time ago during which he expressed a desire to ensure that the proposed treaty should make specific provision for Canada's accession, I asked Mr. Acheson whether Vandenberg had discussed the matter with the State Department. I was told that he had; that his interest in Canada's relationship to the treaty was well known to the Department, but that when some of the difficulties were pointed out to him, Senator Vandenberg agreed that, both from the Canadian and U.S. point of view, any specific mention of Canada might be undesirable at this time, though the treaty should be

drafted in such a way as to make Canada's accession possible without too much difficulty if and when the proper time for it arrived.

In view of my talk with Mr. Acheson, I doubt whether it is necessary for me to take any further measures at this time.

Yours sincerely,

L. B. PEARSON

703.

DEA/2226-40

*Le secrétaire d'État aux Affaires extérieures  
à l'ambassadeur aux États-Unis<sup>1</sup>*

*Secretary of State for External Affairs to Ambassador in United States<sup>1</sup>*

DESPATCH 1395

Ottawa, November 12, 1946

CONFIDENTIAL

Sir,

On November 4th the Right Honourable Vincent Massey, in a luncheon address before the Canadian Club of Winnipeg, referred to Canada's interest in the Pan-American Union. This was an expression of private views, and is in no way a statement of official views. This Department has not yet seen the text of Mr. Massey's remarks.

A portion of his address, as reported by Canadian Press despatches, may however be of interest to you, in case you have not otherwise seen such reports. Mr. Massey was reported as saying:

"It is argued that our membership in the Pan-American Union would enhance our status. In my view it would have precisely the opposite effect.

"Membership in the Union might embarrass us in several ways. It might well have a restrictive effect on our freedom of action. It must be remembered that before Pearl Harbour the chief aim of the Pan-American system was the preservation of neutrality among its members, and neutrality was maintained.

"Positive disadvantages would flow from our membership in the Pan-American Union. If we joined it we would find it necessary to take part in the activities of many American bodies. Some of these, dealing with the special problems with Latin American states, would be of little or no use to us.

"In the political conference of the union we would find many issues frequently sharply divide American Republics, issues with which we are little concerned . . . As a member of the Union we could not avoid taking sides.

"It would be a very odd thing if after opposing the establishment of a permanent secretariat for the British Commonwealth, we joined the Pan-

<sup>1</sup> Des dépêches semblables furent envoyées à toutes les missions en Amérique latine.

<sup>1</sup> Similar despatches were sent to all missions in Latin America.

American Union, an organization of foreign states which carries on its affairs through centralized machinery in Washington.

"We have always avoided strategic commitments abroad. If this is our policy, it would be very inconsistent to subscribe to a security pact so explicit as that signed in Mexico City last year.

"I would say the advantages of our participation are illusory and more than doubtful, and the risks and disadvantages considerable and concrete."

The views of Mr. Massey have received some comment in Canadian newspaper editorials, but apparently without making an extensive issue of the question.

The official attitude of the Canadian Government continues at present to be that of holding the question of membership in the Pan-American Union in abeyance.

I have, etc.

K. P. KIRKWOOD  
for the Secretary of State  
for External Affairs

704.

DEA/2226-40

*L'ambassadeur au Brésil au secrétaire d'État aux Affaires extérieures*  
*Ambassador in Brazil to Secretary of State for External Affairs*

DESPATCH 245

Rio de Janeiro, December 13, 1946

CONFIDENTIAL

Sir,

Replying to your despatch No. 294 of November 12th,<sup>1</sup> I desire to comment on the views expressed by the Right Honourable Vincent Massey, in an address before the Canadian Club of Winnipeg.

2. I do not know what Mr. Massey means when he says that our membership in the Pan-American Union would not enhance our status and, in fact, would have precisely the opposite effect. To suggest that joining any international organisation would detract from our status is difficult to understand.

3. Mr. Massey's second point was that membership in the Pan-American Union might embarrass us in several ways. It would certainly not embarrass us any more than our membership in the United Nations; and, in fact, our failure to join the Union is already somewhat embarrassing in our relations with the other American countries.

4. Mr. Massey says that it would be a positive disadvantage to have to take part in the activities of many American bodies. The answer to this is that we have already taken part in numerous technical organisations which are part of the Pan-American system.

<sup>1</sup> Voir le document précédent.

<sup>1</sup> See preceding document.

5. Mr. Massey says that we would be unable to avoid taking sides in issues which might divide the American Republics. He seems to ignore the fact that we are an American nation, and that we are concerned with the issues confronting the American Republics. We are sufficiently adult to take sides in issues that arise in the United Nations Organisation. Surely, it is our duty to have views on international affairs and to express them.

6. Mr. Massey says that it would be strange if, after opposing the establishment of a permanent secretariat for the British Commonwealth, we join an organisation of foreign states which carries on its affairs through centralised machinery in Washington. Our objection to the establishment of a secretariat for the British Commonwealth was that it would lead to the establishment of a joint foreign policy for all members of the British Commonwealth, and that that policy would be the policy of the United Kingdom. Joining the Pan-American Union would not involve any similar danger. Nobody would suggest that the foreign policies of the American Republics are formulated by "centralised machinery in Washington". So far as the American Republics have been able to agree on foreign policy, such agreement has been hammered out at international conferences.

7. Mr. Massey thinks that we might have to depart from our policy of no strategic commitments abroad if we join the Pan-American Union. It is true that there is talk of a regional security agreement; but such an agreement would come within the framework of the United Nations, and it would be quite logical for Canada, as a country of the American region, to subscribe to it.

8. I am sending copies of this despatch to our missions in Latin America and in Washington.

I have etc.

JEAN DÉSY

705.

DEA/2226-40

*L'ambassadeur au Mexique au secrétaire d'État par intérim  
aux Affaires extérieures*

*Ambassador in Mexico to Acting Secretary of State for External Affairs*

DESPATCH 586

Mexico, December 18, 1946

Sir,

I have the honour to acknowledge receipt of your confidential despatch of November 12, 1946, No. 396,<sup>1</sup> in which you summarize the points made by the Right Honourable Vincent Massey at a luncheon address before the Canadian Club of Winnipeg, in which he argued vigorously against any proposal that Canada should become a member of the Pan-American Union.

<sup>1</sup> Voir le document 703.

<sup>1</sup> See Document 703.

I observe that in his address Mr. Massey was giving "an expression of private views" which was "in no way a statement of official views". For this reason, and because my own point of view has frequently been expressed and is undoubtedly on file in the Department, I do not intend to comment on the particular points made in Mr. Massey's address. I would not wish my silence, however, to be interpreted as accepting all, or indeed any of the points summarized in your despatch as being valid arguments against Canadian participation in the work of the Pan-American Union. There is, I think, an element of truth in some of the arguments advanced by Mr. Massey, but there are omitted in each case the weighty considerations that could be advanced on the other side.

I do not feel that there is any urgency about the development of a closer relationship between Canada and the Pan-American Union, and I realise, of course, the real importance of the attitude of the State Department in Washington towards this matter. The purpose of this despatch is merely to express my regret that Mr. Massey has placed the weight of his authority behind the point of view, which seems to me to be unwise.

I have etc.

H. L. KEENLEYSIDE

PARTIE 6/PART 6

CONSEIL CONSULTATIF CONJOINT  
SUR LES QUESTIONS MARITIMES

UNITED MARITIME CONSULTATIVE COUNCIL

706.

DEA/8794-40

*Mémoire du secrétaire d'État aux Affaires extérieures au Cabinet*

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

Ottawa, October 10, 1946

MEETING OF THE UNITED MARITIME CONSULTATIVE COUNCIL  
IN WASHINGTON, OCTOBER 24TH-30TH

BACKGROUND INFORMATION

The United Maritime Consultative Council is to meet in Washington

(1) to consider a draft charter for an international shipping organization of an advisory and consultative character, and

(2) to make provision for an interim organization which will bridge the gap between the termination of the U.M.C.C. itself on October 31st and the establishment of whatever permanent organization may be decided upon.

It is proposed that if the charter meets with the approval of the Council it will be referred to the participating governments for acceptance.

This draft charter, a copy of which is attached,† was drawn up by a sub-committee of the U.M.C.C. pursuant to a request from the Secretary General of the United Nations that the Council study the advisability of setting up an international maritime organization functioning as a specialized agency and reporting to the Economic and Social Council under Article 57 of the United Nations Charter.

Since shipping matters are left outside the scope of the proposed International Trade Organization, it was felt advisable to consider filling the gap.

#### CONSIDERATIONS

1. The draft charter was drawn up by a sub-committee of the U.M.C.C. of which Canada was a member and has been examined by the Legal Division of the Department of External Affairs, which considers it a suitable basis for discussion.

2. The organization envisaged would be on a small scale as regards administrative framework and financial commitments, but would perform a useful function: first, by providing within the framework of the United Nations an expert body of reference for the consideration of such shipping problems as may be submitted to the United Nations; secondly, by ensuring that the greatest measure of responsibility for the solution of shipping problems rests upon those nations which are the major suppliers and users of shipping services (this consideration is in close agreement with the Canadian views regarding a functional approach to international problems); and thirdly, by assisting in the exchange of technical information and the solution of problems arising in that field, e.g. safety of life at sea, in which it is desirable to facilitate the development of standards on an international basis.

#### RECOMMENDATIONS

It is accordingly recommended

(1) that the following persons be authorized to attend the meeting of the United Maritime Consultative Council to be held in Washington October 24th to 30th, 1946, in the capacities indicated:

Representatives—Mr. A. L. W. MacCallum, Canadian Shipping Board,  
Chairman of the Delegation.

—Mr. A. L. Lawes, Canadian Shipping Board.

—Mr. H. A. Scott, Commercial Counsellor,  
Canadian Embassy, Washington.

Advisers —Mr. H. W. Dodwell, Canadian Shipping Board.

—Mr. J. F. Frederickson, Canadian Shipping Board

(2) that the Canadian representatives be authorized to support any resolutions or recommendations adopted by the above-mentioned Council relative to the establishment of an international advisory maritime organization and to the interim arrangements therefor, subject to final acceptance by the Government of Canada.

707.

DEA/8794-40

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

SECRET

[Ottawa,] October 18, 1946

UNITED MARITIME CONSULTATIVE COUNCIL; WASHINGTON MEETINGS;  
CANADIAN DELEGATION

At the meeting of the Cabinet on October 17th, it was agreed that Canadian participation in the proposed meeting of the United Maritime Consultative Council be approved, representation to be arranged by the Secretary of State for External Affairs in consultation with the Ministers of Trade and Commerce and Transport.

It was also agreed that the Canadian delegation be instructed to consult the government before committing itself in support of proposals for the establishment of continuing international shipping machinery.

708.

DEA/8794-40

*Le sous-secrétaire d'État aux Affaires extérieures au président, la  
délégation au Conseil consultatif conjoint sur les questions maritimes**Under-Secretary of State for External Affairs to Chairman,  
Delegation to United Maritime Consultative Council*

SECRET

Ottawa, October 21, 1946

Dear Mr. MacCallum,

This letter is to inform you that the Canadian Government have approved Canadian participation in the forthcoming meeting of the United Maritime Consultative Council, beginning in Washington on Thursday, October 24th. The delegation is to consist of yourself, as Chairman, and the following delegates:

Captain E. S. Brand, of the Department of Reconstruction;  
Mr. A. L. Lawes, of the Canadian Shipping Board;  
Mr. F. M. MacLennan, of the Department of Transport;  
Mr. H. A. Scott, of the Canadian Embassy, Washington;

and the following advisers:

Mr. H. W. Dodwell, of the Canadian Shipping Board; and  
Mr. J. F. Frederickson, of the Canadian Shipping Board.

The Government has decided that the Canadian Delegation be instructed to consult the Government before committing itself in support of proposals for the establishment of continuing international shipping machinery. This means that the delegation is not authorized to sign the draft constitution or even any draft agreement setting up any interim organization. The delegation

is not authorized to sign such instruments even subject to ratification, as the Cabinet has decided that a new reference to Cabinet will be necessary before even conditional signature can be authorized.

In view of the necessity of referring back to Cabinet, it seems unlikely that authorization to sign the instruments will be given before the delegation leaves Washington.

You should, therefore, keep us fully informed, through our Embassy in Washington, of the course of the negotiations, and seek instructions as envisaged in the decision of the Government.

I am enclosing an official letter, † to be used as credentials for the delegation at the conference.

Yours sincerely,

[L. B. PEARSON]

709.

DEA/8794-40

*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*

TELEGRAM WA-3812

Washington, October 24, 1946

SECRET. Referring to your EX-2663 of October 22nd † on United Maritime Consultative Council meeting in Washington, Scott ascertained from MacCallum this morning that the latter has just received your letter of October 21st, and now wishes, as Chairman of the Canadian delegation, to submit the following views to you:

Quote:

“On my arrival Washington this morning I received your letter of October 21st conveying Canadian Government instructions to me as Chairman of the Canadian delegation with respect to participation in the meeting of the United Maritime Consultative Council which opened in Washington this morning.

“The proposals before this meeting for a continuing Intergovernmental Maritime Consultative Organization—a consultative and advisory body only—have been under consideration by the Canadian Shipping Board for some time and through the Minister of Trade and Commerce by the Canadian Government in Ottawa for the last four weeks. Prior to that time, the draft plan for the formation of the proposed Intergovernmental Maritime Consultative Organization had been referred to the Department of External Affairs and, so far as I know, had been approved in principle, subject to minor points of detail.

“Since the draft plan of the proposed new organization was drawn up by a committee of the UMCC—a committee on which Canada was represented—

and since the plan has been generally agreed in principle by practically all countries that are represented in UMCC, the sole object of the present Washington Conference is to secure general agreement to this plan for the new Intergovernmental Maritime Organization subject, of course, to approval and/or ratification by the Governments concerned.

"Your letter of instructions dated October 21st places the Canadian delegation in the position of observers rather than participants, in that your delegation has no powers to agree with the other Government delegations as to the principle of setting up the proposed new organization. I would reiterate that such organization is advisory and consultative and will be, in effect, an international shipping advisory adjunct of UNO.

"Under these circumstances, I would strongly urge that your delegation be empowered at least to agree in principle to the proposed organization. During the time this matter has been under consideration by Ottawa, I have not heard of any objection to the principle of setting up a suitable intergovernmental organization on the lines of the draft plan now before the Washington meeting. My understanding is that none of the Government delegations here will be expected to sign any agreement: they will, undoubtedly be requested to indicate if their Governments agree in principle to the formation of the new Organization subject always to final approval or ratification by the home Government." Unquote.

In the circumstances, as outlined above by MacCallum and in line with the instructions conveyed to us in paragraph four of your teletype of October 22nd, could you please indicate whether or not the Canadian delegation is empowered to agree in principle to the formation of an Intergovernmental Maritime Consultative Organization on the lines of the draft plan of which you have a copy.

It would be appreciated if we could have your instructions not later than Saturday morning, October 26th.

710.

DEA/8794-40

*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*

TELEGRAM WA-3820

Washington, October 24, 1946

IMMEDIATE. SECRET. Since sending you our WA-3812 on United Maritime Consultative Council meeting, the Canadian delegation attended this afternoon's session which, after quickly disposing of the other minor items on the agenda, came to a general consideration of the draft plan, and the Chairman asked for an expression of opinion from each of the Governments represented. With the exception of New Zealand and Yugoslavia, both of which advised the meeting that they were awaiting instructions from their respective

Governments, all delegations present indicated that their Governments favoured the plan in principle, although making reservation on points of detail.

When asked for Canada's attitude, the Chairman of the Canadian delegation made the following statement:

Quote:

"Just at this moment I cannot say that the Canadian Government approves of this plan for an Intergovernmental Maritime Consultative Organization. I am awaiting a directive from Ottawa in this connection. All I can say at this juncture is that Canada sent a representative to the Working Party Meeting in London where the plan was drawn up, and the Canadian Shipping Board has recommended the plan in principle to the Canadian Government."

Unquote.

After receiving this statement, the Chairman of the meeting said the Council would like to have some indication of the Canadian Government's views on the principle of the proposals by tomorrow if possible. The same request was made to the New Zealand delegate.

Whereas in my immediately preceding teletype we asked for your instructions not later than Saturday morning, in view of this afternoon's developments we would be grateful for a definite directive tomorrow.

711.

DEA/8794-40

*Le président, la délégation au Conseil consultatif conjoint sur les questions maritimes, au sous-secrétaire d'État aux Affaires extérieures*

*Chairman, Delegation to United Maritime Consultative Council,  
to Under-Secretary of State for External Affairs*

STRICTLY CONFIDENTIAL

Montreal, November 6, 1946

Dear Sir,

In accordance with your letter of instructions dated October 21, Canada was represented at the second session of the United Maritime Consultative Council, held in Washington from October 24-30, 1946, by a delegation consisting of:

Mr. A. L. W. MacCallum	Chairman, Canadian Shipping Board (Chairman of Delegation)
Mr. A. L. Lawes	Representative in Washington, Canadian Shipping Board
Mr. H. A. Scott	Commercial Counsellor, Canadian Embassy, Washington
Mr. F. M. MacLennan	Assistant Deputy Minister of Transport
Captain E. S. Brand	Department of Reconstruction and Supply
Mr. J. F. Frederickson	Advisers
Mr. H. W. Dodwell	

Seventeen other nations were represented at the session:

Australia, Brazil, Belgium, Chile, Denmark, France, Greece, India, The Netherlands, New Zealand, Norway, Poland, Sweden, the Union of South Africa, the United Kingdom, the United States and Yugoslavia.

You may recall that the United Maritime Consultative Council was established upon the termination of the United Maritime Authority on March 2, 1946, in order to maintain for the eight months' "transitional period", ending October 31, 1946, a simplified and limited control over international shipping to ensure the availability of vessel tonnage for UNRRA shipments and the essential import programmes of various European governments. The United Maritime Consultative Council at its first session held in Amsterdam from June 18 to 24, 1946, was asked by the United Nations, through the Secretary General, for its views on "the question of establishing a world-wide inter-governmental shipping organization to deal with technical matters". In considering this question the United Maritime Consultative Council made the following resolutions and quoted them in its reply to the Secretary General:

The Council took note of the view generally expressed that an inter-governmental body is likely to be required to provide for consultation on all matters suitable for inter-governmental discussion as regards shipping, and resolved to appoint a committee:

- (1) To consider in more detail the possible constitution, scope and procedure of such a body, and
- (2) To draw up a draft report of these subjects for further consideration by the Council.

The Committee appointed pursuant to these resolutions subsequently held meetings in London, which were attended by a Canadian representative, and prepared a draft Plan for an Inter-Governmental Maritime Consultative Organization.

Consideration of this draft Plan, together with the Committee's report upon it, was the main item of business on the agenda of the second session of the United Maritime Consultative Council, held in Washington October 24-30, 1946. The Plan provides for establishment of an Inter-Governmental Maritime Consultative Organization, consisting of an Assembly of delegates of all member governments, a Council of sixteen governments elected by the Assembly, a Maritime Safety Committee of twelve member governments, and a small Secretariat. The proposed organization is purely consultative and advisory, without executive powers. Its purpose is to provide machinery in the international shipping field for cooperation among governments, encouragement of the removal of discriminatory practices, exchange of information, and consideration of maritime problems generally.

At the Conference almost all of the delegations favored the establishment of the proposed organization as a medium for inter-governmental consultation and cooperation, particularly in the technical field, provided that the scope of the organization would not involve interference in matters which could be settled by normal commercial processes in international shipping. The Swedish, Norwegian and Danish delegations were particularly

insistent upon restricting the organization to a consultative role and limiting its scope to the technical field. After extensive discussion and numerous revisions of the original draft Plan, a version was worked out which was generally satisfactory to the various delegations. Some delegations, however, felt obliged to reserve the position of their governments upon some features of the proposed organization; the Indian, Brazilian and Chilean delegations, for example, submitted statements to the Conference which proposed certain revisions in both principle and detail.

At the conclusion of the Conference, the various delegates agreed to recommend the Plan in its final form of a draft Convention to their governments, as a basis for the establishment of the proposed organization as a permanent "specialized agency", under Article 57 of the Charter of the United Nations, and also to recommend to their governments the creation forthwith of an interim organization based on the draft Convention, to be effective from the termination of the United Maritime Consultative Council on October 31, 1946, until the establishment of the permanent body. The Chairman of the Council was authorized to inform the Secretary General of the United Nations that these recommendations were being made to member governments. A Resolution was also passed that each member government be requested to:

(a) inform the United Kingdom Government, as soon as possible, whether it accepted the agreement for the interim organization;

(b) authorize the United States Government to forward to the Secretary General of the United Nations, not later than December 1, 1946, the Convention for a permanent organization;

(c) request the Economic and Social Council of the United Nations to convene a conference of all interested governments to adopt a constitution for the permanent organization.

The Canadian delegation considers that the proposed interim and permanent organizations would perform a useful and valuable function as a forum for discussion among governments of technical and certain general shipping problems, and is also of the opinion that the suggested procedure in establishing the permanent organization as a specialized agency of the United Nations is desirable. The proposed organization is strictly consultative and advisory. As a member, Canada would undoubtedly be entitled to a seat on both the Council and the Maritime Safety Committee. Because of Canada's substantial merchant fleet and her position in international trade, it is, in the opinion of the Canadian delegation, highly desirable that Canada participate.

I am enclosing herewith copies of the following documents:†  
U.M.C.C.

- 2/39 Recommendations of the United Maritime Consultative Council to member  
2/29 governments, to which is attached the draft Convention for an Inter-Governmental Maritime Consultative Organization.

- 2/38 Resolution of the United Maritime Consultative Council regarding transmission through the medium of the United States Government of its recommendations to the Secretary General of the United Nations by December 1, 1946.
- 2/40 Copy of a telegram to be despatched forthwith by the United Maritime Consultative Council to the Secretary General of the United Nations, stating that the United Maritime Consultative Council has agreed to recommend to member governments that an interim and a permanent organization be established.
- 2/35 Draft Agreement for Provisional Maritime Consultative Council.

The Canadian delegation, therefore, recommends:

(a) that the United States Government be informed before December 1, 1946, that Canada accepts the recommendations of the United Maritime Consultative Council (UMCC Paper 2/39);

(b) that appropriate action be taken to request the Economic and Social Council of United Nations to convene a conference of interested governments for adoption of a constitution for the proposed organization on the basis of the draft Convention (UMCC 2/29); and

(c) that the Government of the United Kingdom be informed of Canadian acceptance of the agreement for a provisional organization (UMCC 2/35).

I have sent a copy of this letter, together with the documents attached, to the Minister of Trade & Commerce, and to each member of the Canadian delegation, including Mr. Harry Scott, Commercial Counsellor to the Canadian Embassy in Washington, who has already submitted to you an interim report† upon the Conference. Approximately twenty sets of the documents of the Conference, including all minutes and papers, are being forwarded to the Department of External Affairs from Washington, and each member of the delegation will also receive copies.

Yours very truly,

A. L. W. MACCALLUM

712.

DEA/8794-40

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

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

TELEGRAM 2034

Ottawa, November 27, 1946

The United Maritime Consultative Council at its second and final session held at Washington October 23rd to 30th adopted inter alia the following resolutions:

(a) In view of the fact that United Maritime Consultative Council will cease to exist on October 31st 1946 a Provisional Maritime Consultative

Council should be set up in accordance with the agreement (annexed to the resolution) for the establishment of a Provisional Maritime Consultative Council.

(b) Government members of the UMCC should adopt as soon as possible the agreement for a Provisional Maritime Consultative Council by notification to the government of the United Kingdom in accordance with Article V(1). thereof.

2. Please inform the United Kingdom government that Canada accepts the agreement for a Provisional Maritime Consultative Council in accordance with the recommendation of the UMCC.

3. You may also advise United Kingdom Government (a) that Canada accepts recommendation of UMCC for the establishment of a permanent Maritime Organization as described in the draft convention for an Inter-governmental Maritime Consultative Council adopted by the UMCC at the same session; (b) Canada will not repeat not however take action requesting Economic and Social Council to convene conference of all interested governments for the purpose of adopting a constitution for an Inter-governmental Maritime Consultative Organization which action was also recommended by UMCC. Reasons prompting this decision are that Canadian Government feels the initiative in this matter could more appropriately be taken by nations having leading interest; (c) that the United States government is being advised by concurrent telegram.

713.

CH/Vol. 2102

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

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

TELEGRAM 2035

Ottawa, November 27, 1946

SECRET. Please refer to my telegram 2034 and particularly to paragraph 3 (b).

For your personal information only, Cabinet has some misgiving in general concerning multiplication of International Organizations and in particular is doubtful if so large an Organization as that proposed is necessary for handling maritime matters.

## CHAPITRE X/CHAPTER X

### RELATIONS AU SEIN DU COMMONWEALTH COMMONWEALTH RELATIONS

#### PARTIE 1/PART 1

#### GÉNÉRALITÉS/GENERAL

#### SECTION A

#### RÉUNION DES PREMIERS MINISTRES/MEETING OF PRIME MINISTERS

714.

CH/Vol. 2118

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

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

TELEGRAM 695

Ottawa, March 23, 1946

CONFIDENTIAL. Your telegram No. 621 of March 4th.† Press reports regarding meeting of Prime Ministers.

We are concerned over the possibility that the character and importance of the consultations to be held in London are being over-emphasized in the United Kingdom. We assume that this is due to three main causes. First the profound anxiety over Soviet policy together with the inevitable uncertainty about the continued firmness of the policy of the United States, produces a desire to play up the combined strength of the Commonwealth as a whole and to lay stress upon the capacity of Commonwealth Governments to take concerted action. Secondly, the Labour Government is anxious to give no ground for charges that it is not an effective guardian of Imperial interest. Thirdly, the waning faith in the capacity of the UNO to be an effective guardian of peace and security gives rise to renewed interest in the military power of the Commonwealth. Much the same sort of talk about the need for Commonwealth solidarity was evident in the early 1920s after the United States deserted Wilsonian policies and differences arose between France and the United Kingdom.

2. With respect to Commonwealth Defence, no general proposals for post-war co-operation have been made since Cranborne advanced his suggestions in June 1944 at the end of the Prime Ministers' meeting although a number of plans have been put forward for co-operation in particular tasks. In the language used occasionally by British Ministers and in papers which have been prepared by British Military advisers there are indications of a desire that some new Commonwealth organization should be created to

plan and direct 'Imperial defence'. (This is a phrase that we should like to see dropped from the current vocabulary as it leads to unnecessary misunderstandings and irritations and has little value in relation to the strategic realities of to-day). Canadian responsibility for the defence of Canadian territory, together with our responsibility for defending in collaboration with the United States the approaches to the Northern part of this Continent, is, of course, a very important aspect of the defence of the British Commonwealth quite apart from our proven war potential in the event of general war. Canadian public opinion, however, in defence questions is not based on the conception of defending Imperial interests as such, a conception which carries with it the ideal of the acceptance of a share of responsibility for defence in areas as remote from Canada as the Persian Gulf and the Bay of Bengal. We are, of course, deeply concerned that the security and strength of the whole British Commonwealth should be maintained but we cannot conceive this as being effectively safeguarded by exclusive Commonwealth arrangements. The strategic interests of the Commonwealth are so diverse that their protection requires the co-ordination of defence before [*sic*] individual Commonwealth countries and foreign states. This is obvious in the case of the United Kingdom when one considers British defence interests in Western Europe. In some quarters in London there is difficulty in realizing that it is also obvious elsewhere.

3. With respect to questions of trade, we have no information that these matters will be brought up during the discussions between the Prime Ministers in London, nor would it seem appropriate that this should occur in view of the carefully prepared programme leading up to the general Conference on International Trade due late this year or early in 1947. You already know that the date now set for preliminary Commonwealth talks in the United Kingdom is about the middle of July, in preparation for the Conference of the drafting Countries now expected about September 1st.

4. While there is nothing in this telegram of which you are not already aware, it may be useful to you as a guide in dealing with enquiries concerning the consultations between Prime Ministers and related matters.

715.

CH/Vol. 2118

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

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

DESPATCH A.281

London, April 8, 1946

CONFIDENTIAL

Sir,

I have the honour to report on a few current aspects of Commonwealth relations in view of the forthcoming meeting of Commonwealth Prime Ministers.

2. In various telegrams to you on this subject I have described the considerable interest which has been taken in the proposed meeting, both in press and Parliament, and the confident expectation that matters of defence and trade would be the primary matters for consideration. I reported to you also that, as was expected, Mr. Attlee's announcement that it was impossible to arrange a single series of meetings was met with some expression of disappointment, particularly by the Opposition in Parliament. There has, however, been no recrimination on this subject, or attempt to blame one or other member of the Commonwealth. It is perhaps not surprising that interest in the forthcoming meetings has somewhat declined since this announcement, and there has been less tendency to count upon it as a major factor in the formulation of general post-war policy.

3. In your telegram No. 695 of 23rd March you analysed the reasons for the emphasis in the United Kingdom on the importance of these consultations. While I should agree with your analysis of the motives for the current interest in matters of Commonwealth defence, I think it is necessary to bear in mind, as I pointed out in my telegram No. 846†, that those in charge of policy in the present Government have not shown any disposition to encourage the belief that the Commonwealth Prime Ministers would, or should, formulate tightly-knit plans for "Imperial defence". There are many Empire-minded elements in the Labour Party, but partly through prejudice, partly through lack of interest, partly through anti-imperialist habits of thought, and partly because of internationalist idealism, the Labour Party do not think in terms of an Imperial orientation of policy as readily as do the Conservatives. Even those elements which have been showing great interest in an Imperial economic bloc do so largely because they conceive of it as a Socialist bloc opposed to the "reactionary capitalism" of the United States. In matters of defence, economics, and general political direction, they are as much interested in close association with the Social Democratic countries of Western Europe as with the other Commonwealth countries. The Labour Party are, as you point out, anxious to make it clear that they are effective guardians of Imperial interest. They have been under heavy pressure from the Opposition to hold an "Imperial Conference" at which the Commonwealth association could be placed on a firmer basis in many spheres. They would probably not oppose mutually agreeable plans for close co-ordination of Commonwealth defences and a general tidying-up of the alliance for the gratification of the British people, but this is not the sort of project which is apt to preoccupy their minds. It should not be forgotten, also, that Mr. Bevin, Mr. Attlee, Mr. Noel-Baker, and most of their colleagues belonged to the school of thought which placed its faith in international rather than Imperial institutions, and that these spokesmen are still looking forward to world federation rather than Imperial federation.

4. On the other hand there is a revived interest among the general public on this subject. The reasons for this revival are not hard to estimate. This country is conscious of its material weakness as compared with the other two

Great Powers. One of these Powers, the Soviet Union, is proving hostile. While it is widely recognized here that the security of the British Empire depends upon friendly collaboration with the United States, there is—as the British reaction to Mr. Churchill's speech proved—great reticence about an association with the United States which might in fact mean a surrender of initiative to the stronger partner. The British want to stand on their own feet. One should not overlook the resurgent nationalism which is characteristic of this country in its post-war mood. It is a peculiarly internationalist or non-isolationist form of nationalism which is quite as strong among young Socialists as among young Tories. It is recognised that British strength must rest in the leadership of like-thinking peoples—on the “alliance potential”. Britain, it is thought, cannot, for varying reasons, be allied too closely with the U.S.S.R. or the U.S.A. Everyone wishes a close association with France, but France is in a parlous state and may even swing into the Soviet camp. All except the extreme Left want a close association with the Western European democracies, but no one seems to know just how this can be achieved. It is inevitable that in this mood attention should be turned to the most reliable allies, the other nations of the Commonwealth.

5. I should not wish to underestimate the economic factors in the present concern with the Empire and Commonwealth, although I do not propose to dwell on this aspect in this despatch. The acute problems faced by this country are responsible not only for the attention being paid to the resources of the Empire, but are also responsible for a good deal of the aversion to close association with the United States. If the Soviet Union is the potential antagonist in the sphere of defence, it is the United States which is the potential antagonist in the sphere of economics. In this connection it might be noted that the Canadian loan—which has been received with even more warmth than could have been expected—has helped considerably to remind people in this country that the wealthiest partner in the Commonwealth could not take part in those beguiling schemes for an Empire economic bloc which have fascinated sections of both the Labour and Conservative parties. Although it is widely assumed in the press that Imperial preference will be one subject of discussion at the forthcoming meeting of Prime Ministers, I believe that the United Kingdom Government shares the Canadian view that this subject should be left for the conference of experts being arranged for that specific purpose. If Field Marshal Smuts, Mr. Chifley, or Mr. Nash wish to take advantage of their stay in London to talk about economic matters with appropriate persons, that is, of course, another matter.

6. The following are, briefly, the principal suggestions for Imperial defence co-ordination which have appeared recently:

1. Use of facilities in less exposed parts of the Empire for training and establishing reserves. The lessons of the British Commonwealth Air Training Plan are naturally not forgotten.

2. Sharing with the Dominions a wider responsibility for the upkeep of bases and protection of communications.

3. Closer association with the Dominions in defence planning. It is variously suggested that the Committee of Imperial Defence should be reconstituted on a truly imperial basis or that Dominions representatives should in some way be associated with it or with some new defence planning organisation, for which there are many suggestions.

4. Collaboration of a technical nature along the lines of the "Commonwealth Scientific Centre" mentioned in your despatch No. 400 of March 4th.†

7. It is perhaps natural that the talk now, as compared with that of several years ago, is more of trade and defence than of a common foreign policy. The argument over a common foreign policy has, I think, been settled. Those who tended to feel that the failure to agree on the desirability of a common policy was the responsibility of Canada cannot fail to be impressed by the fact that the most marked evidence of dissidence has come from Australia. Whatever Mr. Curtin once professed has been forgotten in the impression of what Dr. Evatt now proclaims. There is increasing realization here, I think, of the dangers for this country of a "common foreign policy", especially in the Foreign Office, where the idea that United Kingdom policy towards Indonesia, for example, might have to be adjusted to conform with the views of the Australian Government, is admittedly obnoxious. I understand that Dr. Evatt recently demanded that the British Ambassador in Madrid make violent protest against the execution of certain Spanish "democrats". The Foreign Office was aware of the fact that the particular cases mentioned by Dr. Evatt were the inventions of Left-wing propaganda. They were not disposed to have their Ambassador make a fool of himself by objecting to mythical executions. It is incidents of this kind which are leading to a greater appreciation, I think, of the more responsible attitude adopted by the Canadian Government as for example in the United Nations.

8. What I think can be accepted as an authoritative statement of the Government's views on the proposals for an Imperial Council once associated with Mr. Curtin's name may be found in the remarks of the Lord Chancellor in a debate in the House of Lords on 23rd January. The Lord Chancellor had been pressed to say something about co-operation with the Dominions.

He said:

My advice would be to go rather carefully before altering the existing machine. May I remind Your Lordships of what a very wise Empire statesman said, speaking in this building not very long ago.

Lord Jowitt then went on to quote those sections of your address at Westminster in 1944 in which you praised the present methods of consultation and warned against losing the substance by changing the form. These words of yours were referred to again in the House of Lords at a later date by Lord Tweedsmuir in a discussion on Commonwealth relations.

9. It might be noted at this point that one of the subjects which has been mentioned several times in recent parliamentary discussions on Common-

wealth affairs is the position and status of the High Commissioners. In the debate in the Lords on the machinery of government on the 23rd January, to which I referred above, Lord Templewood made a strong plea for strengthening the position of the High Commissioners in the Dominions and enhancing their general status. He expressed the present opinion that the post of High Commissioner in Canada was not unequal to the post of Ambassador in Washington. The High Commissioners, Lord Templewood said, should have at their disposal a much more comprehensive machinery. They should not be considered as principally trade posts, for they were the posts of "our most important Ambassadors in the whole of the world". If these officers were strengthened, the United Kingdom could depend much more than hitherto had been the case upon the man on the spot. Looking to future developments in the British Commonwealth, Lord Templewood thought that the more that that took place, the better it would be for everybody concerned. In reply, the Lord Chancellor agreed with Lord Templewood that the High Commissioner fulfilled a most important function to-day. If that function could be stressed or underlined by any alteration in status he would be very glad to do it. Lord Jowitt referred to the fact that he had raised this question at the Imperial Conference in 1931, but at that time the matter was dropped at the request of the Dominion Prime Ministers. So far as the Government was concerned they would be very glad to look into the matter at any time, because they fully realized that these High Commissioners were playing, and had played, a most important part in the happy relationship which fortunately existed to-day between this country and the Dominions.

10. This question was again raised by Lord Tweedsmuir in a subsequent debate in the Lords on 27th February, in which he complained that while Britain had six representatives in Canada Norway had seventeen. He wished to add his voice to those voices that had been raised so often in the past to urge a raising of the status of High Commissioner to something approximating to that of an Ambassador. Lord Tweedsmuir's point was unfortunately misinterpreted by Lord Bennett, who did not like the idea of exchanging Ambassadors within the Commonwealth. I note that according to a Canadian press report in *The Montreal Gazette* of February 28th, a rather too literal interpretation of Lord Tweedsmuir's recommendation was said to have been commented upon adversely by "official circles" in Ottawa. Lord Tweedsmuir was personally concerned at this misinterpretation, and called upon a member of my staff to explain that by suggesting that the status of High Commissioner be raised to equal that of an Ambassador, he had not suggested that High Commissioners should in future be called Ambassadors.

11. The departure of Mr. Malcolm MacDonald, and the appointment of Sir Alexander Clutterbuck, as well as the appointment of Mr. E. J. Williams as High Commissioner in Australia, have been responsible for some comment on the position of High Commissioner. The long vacancy in the High Commissioner's office in Canberra was the subject of very critical comment in

many quarters. Considerable anxiety was also expressed about the appointment to so important a post as Ottawa of a relatively unknown career civil servant. *The Manchester Guardian* protested openly about the latter appointment. The criticism of Sir Alexander Clutterbuck's appointment is, I think, unfair, but it does provide interesting evidence of the increasing recognition of the importance of the High Commissioner's post.

12. Some reference might appropriately be made to a new interest in the British Commonwealth on the part of younger elements in this country, and impatience of the outlook characteristic of the Royal Empire Society. A good deal of the inspiration for this interest comes from young men who have been associated with forces from other parts of the Commonwealth during the war, and are genuinely interested in the maintenance of closer relations, on a basis of mutual friendship and understanding. The statement on Commonwealth affairs in the House of Lords on 27th February by Lord Tweedsmuir is characteristic of the attitude of these younger men in that the emphasis was almost entirely on the increase of personal relations and wider understanding of each other's habits and ways of life. Their chief concern is not with Commonwealth machinery but with what they consider to be a deplorable lack of knowledge about the Commonwealth in this country. They have a tendency to assume that there is no such ignorance in other parts of the Commonwealth, although Mr. Alastair Buchan, in a recent article in *The Spectator* deplored the lack of interest on the part of the citizens of any one country of the Commonwealth in other parts of the Commonwealth except the United Kingdom. One subject in which these younger men are much interested is the prospect of wider interest on the part of the Dominions in the Colonies. This interest arises not from a desire to shift the burden—because people of this school of thought have a strong sense of mission with regard to dependent peoples—but rather from a sincere belief that the full development of these dependent peoples is a task beyond the capacities of the depleted resources and population of this country. Some recent endeavours have been made to create an organisation out of those who feel that the Empire has been the special hobby of the wrong people. While there is no lack of good intentions on the part of these people, I fear that this good cause will need a little more precision of thought on the part of some of its principal exponents.

13. In reporting to you in the past on British plans for India and Burma I have expressed some concern over confusing interpretations of "dominion status". While I do not think there has been any reasonable doubt of the intentions of the United Kingdom Government to allow India, and in due time Burma, to choose any international status they wish, official and non-official statements made this purpose seem cloudy and encouraged the belief that dominion status was not only a lesser form of independence but implied automatic association in plans for imperial defence or commerce. This situation has been greatly clarified by Mr. Attlee's wise and sensible statement in the House of Commons on March 15th to the effect that India

might elect to remain in or out of the British Commonwealth, but if she elected to stay in it must be of her own free will because the British Commonwealth was not bound together by chains of external compulsion. What was perhaps even more impressive than Mr. Attlee's statement was the complete acceptance of the entire implication of that statement in all parts of the House. Indeed, the attitude of Conservative spokesmen has been the subject of many tributes in the Liberal and Left-wing press. The wisest part of Mr. Attlee's statement was that he did not talk about "dominion status"—a phrase which must be singularly unattractive to Indians—but about association with the Commonwealth and Empire. Whether India remains associated with the Commonwealth or not, her relations with the United Kingdom will be governed by a treaty. Although in this her position might resemble that of the one-time Dominion of Ireland, it is very unlike that of the classical dominions. These latter have themselves been evolving since the time when their position was defined as that of dominion status, although their association with the Commonwealth is none the less close. The old conception of the Empire as consisting of the Mother Country plus from four to six "dominions", India, and the Colonies, may be expected to give way to a conception of the Empire and Commonwealth as a congeries of associated British states, no two of which are in quite the same relation to the United Kingdom or each other.

14. There is one important feature of the current talk of Empire which should not be forgotten. Colonel Blimp is dead. (In Low's cartoons he regularly appears now crying "Gadski Tovarich" at Molotov's elbow). The war has not surprisingly brought about a much wider comprehension on the part of the people of this country of the status and stature of other parts of the Commonwealth. Old conceptions may linger in such conservative strongholds as the War Office, the Admiralty, the Royal Empire Society, and the Trades' Union Congress, but the implications of the Statute of Westminster are unquestioningly accepted in quarters which matter. Those men, like Anthony Eden, R. A. Butler, and Sir Arthur Salter, who are urging closer integration of defence completely understand the constitutional position of the other parts of the Commonwealth and are sensitive of their views. It is because they are conscious of the relative strength of Canada and Australia and the relative weakness of this country that persons of both major parties are saying that the time has come when the other self-governing parts of the Commonwealth must share the responsibility for Imperial defence. It may be argued, from the Canadian point of view, that these proposals would in fact mean subordination to a control and strategy which would inevitably have a London perspective, but it should be recognised that the proposers quite sincerely think that this would not necessarily be the case.

15. In meeting this view it is desirable, I think, to make it clear to the other Commonwealth Governments and their peoples that Canada is not refusing to co-operate in the defence of the Commonwealth, but is prepared

to assume increased responsibility for an important sector of it. The proposed agenda for the Prime Ministers' meetings and Lord Addison's statement in the Lords that there were problems of defence of a regional character in which Dominion co-operation was essential suggest the line which the United Kingdom may be expected to take on the subject of defence collaboration. Many people here readily admit that the Empire cannot defend itself or keep its lines of communication open without foreign assistance. They point out, however, that their world-wide system of bases has got to be maintained, abandoned, or left in the inadequate state of Singapore in 1941. They admit that the Canadian and Australian Governments have no responsibility for policy towards these areas, but ask whether the Canadian Government consider it to be in the interests of Canada that these bases should change hands. This argument might be met on Canada's part by an offer to assume wider responsibility for the upkeep and garrisoning of Newfoundland, Bermuda and the West Indies. In view of the permanent establishment in the Western Atlantic islands of United States bases, their further guarantee by Canada should involve little additional provision. It might well be considered a legitimate co-operative enterprise for defence of the continent to be planned by the Permanent Joint Board on Defence. (The major problem would, of course, be the divorce of military from civil responsibility. In Jamaica, for example, civil disturbances are not infrequent, and the use of Canadian troops to maintain order could not be wise when the Canadian Government would have no political responsibility). What is, of course, a much more important contribution to "Imperial defence" is the maintenance of the Royal Canadian Navy and the Royal Canadian Air Force to protect the North Atlantic shipping route which is unquestionably the lifeline of Empire. During the past war the United Kingdom and the Commonwealth carried on for over two years without the Mediterranean route, but it is doubtful if they could have lasted a few months with the North Atlantic closed. For those who do not consider the defence of Empire communications a legitimate preoccupation of Canada, it may, of course, be argued that the protection of the North Atlantic is now recognized as a vital American interest. The development in Canada of facilities for producing in time of emergency food and armaments and for transporting these vital necessities to the United Kingdom is no mean contribution to "Imperial defence".

16. The view expressed in your telegram No. 695 that the strategic interests of the Commonwealth are so diverse that their protection requires the co-ordination of defence between individual Commonwealth countries and foreign states, can be made to seem a refusal on the part of Canada to share responsibility for the defence of the Empire, or it can be made to appear a serious contribution to the strategy of the Empire. I realize that there are elements of the population of Canada who would prefer that it seem to be the former. But presented in a positive rather than a negative fashion, it could not only remove the widespread suspicion in other Com-

monwealth countries of Canadian motives, but also help to wean others away from less sound theories of "Imperial defence". It is a point of view which, as I suggested in my telegram No. 876 of March 28th,† might well be supported by the present leaders of this country.

17. In conclusion, it can be safely said, I think, that Canada is in a very good position now to withstand criticism on the score of her attitude to the Commonwealth because her prestige is higher than it has ever been. The belief is very strong that both in her loan and her food policy Canada has shown a sympathetic understanding of the needs of the United Kingdom in particular and the suffering world in general—an understanding which is everywhere contrasted with what is believed to be the more selfish attitude of the United States. Because of these tangible evidences of brotherly love, Canada is forgiven for her alleged reluctance in the field of "Imperial defence". The proposed withdrawal of Canadian occupation forces from Germany has attracted little, if any, critical comment in the press—although it was not well received in official circles. It should be remembered also that the public in this country is much more conscious of the Canadian contribution to the war in Europe and the defence of Britain than of the views of the Canadian Government on "Imperial defence". Typical of this attitude is the comment of the Diplomatic Correspondent of *The Scotsman*, who, after describing what he says is your reluctance to come to join the other Prime Ministers in London because you did not wish to commit Canada to general agreements on the main questions likely to come up for discussion, concludes:

On the other hand, no Dominion has exceeded Canada in the generosity of economic help given to Great Britain . . . . In the circumstances the British Government could scarcely do less than accept the special position of Canada in regard to inter-Empire [*sic*] discussions.

(The Diplomatic Correspondent is being given some further and more accurate information concerning your London visit.)

18. I am enclosing the following supplementary documents:†

1. Copy of an article entitled "Issues for Empire Statesmen" by Anthony Eden, in *The Yorkshire Post* for March 9th (before the announcement of the form of the Prime Ministers' meetings).

2. Text of a question and answer in the House of Commons on 13th March in which Mr. Attlee described the present system of Commonwealth consultation.

19. Copies of this despatch have been sent to Dublin, Cape Town, Canberra, Wellington, Paris, Brussels, Moscow, Athens, Chungking, The Hague, Oslo, and Berlin.

I have etc.

VINCENT MASSEY

716.

DEA/65-G

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 148

Ottawa, April 18, 1946

SECRET AND PERSONAL. Following for the Prime Minister from the Prime Minister, Begins:

1. I have been hoping that it would have been possible before this to have had a definite date fixed for my visit to London which it was thought could immediately precede the Conference of Paris. I shall have to combine, in one absence from Canada, my participation in the Prime Ministers' talks in London and my attendance at the Paris Conference. The delay in issuing invitations for that Conference will make it, I should think, very difficult to bring the two together before the end of May or the beginning of June. Assuming the Conference will not be delayed beyond June 1, I am tentatively planning to leave on the *Queen Mary* on May 12th which would bring me to London about May 18th. This timetable will preclude my being in England while Chifley is there, but it will, I hope, enable him to spend a day with me in Ottawa after he has concluded his conversations in London.

2. I have not felt it necessary to offer any comment on the suggestions of topics which might be discussed during the series of Prime Ministers' meetings, but I have been glad to note the consensus of opinion that no formal agenda is required or appropriate. I have been proceeding on the assumption that the meetings in London will provide a useful opportunity for an informal exchange of views on the main questions of mutual concern to our several Governments, but that the proceedings will not go beyond this. This latter is important as with Parliament in session here I am anxious to avoid bringing with me to London and Paris any larger number of officials than may be absolutely necessary. Ends.

717.

PCO/U-10-11

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 155

Ottawa, April 23, 1946

IMMEDIATE. SECRET AND PERSONAL. Your telegram No. 76 of April 21st.† Following for the Prime Minister from the Prime Minister, Begins: Thank you for your message. I fully appreciate your desire to have the Prime Ministers or their representatives in London together. We had all hoped that the exigencies of our various time-tables would have permitted such a meeting but after examining the position very carefully we had, I thought, agreed reluctantly that a meeting of Prime Ministers could not be arranged this

year. In its stead we have had to be content with a series of conversations which may to some extent overlap.

Since the receipt of your last message I have once more asked myself whether I could so postpone or rearrange my commitments here as to be in London by the time you suggest. I am afraid however that it is quite impossible for me to do so. The Dominion-Provincial Conference, which is opening at the end of this week, is of critical importance for Canada, and the shape of the Budget that we shall have to bring down in the first weeks of May will be determined in large part by the outcome of that Conference. Discussion of Budget issues will be closely linked with the Parliamentary disposition of the United Kingdom loan Agreement and I feel that I should be here until they are satisfactorily settled. I should be very glad to be in London early in May, but I am afraid that, in the last analysis, I must take the responsibility for deciding whether or not I can be absent from Canada at that time.

As you know, I have been hoping to combine in one absence from Canada conversations with you and attendance at the Paris Conference. In view of the present uncertainty as to when that Conference will meet, I think it might be wise to defer finalizing plans for my visit to London. Perhaps after the Council of Foreign Ministers have met and discussed their problems and have agreed on a date on which the Paris Conference should meet, we could arrange a mutually convenient date for our meeting, which might conceivably follow instead of preceding the Paris Conference.

With regard to paragraph 2 of your telegram regarding the meeting of the Foreign Ministers in Paris, I realize that the members of the Council of Foreign Ministers will attempt to come to broad agreement on some of the outstanding questions before the Conference begins. As I shall not be able to be in London at that time, I should appreciate being kept fully informed as to developments at the preliminary meeting.

As to the course of events at the Paris Conference, it is my understanding and I have so informed Parliament, that all states invited to the Conference will have full opportunity to examine the draft treaties on their merits and to express their views and to put forward suggestions for amendments. In this way we would hope that the final treaties would reflect a real consensus of view of the countries participating. This procedure makes it all the more important that the members of the Council of Foreign Ministers should agree to give full weight in drafting the final text of the treaties to the views expressed by the other states represented in the Conference. If these countries' views were to be ignored, it might make it difficult for the governments concerned to secure the support of their parliaments and peoples for the final peace treaties.

In any event, there does not at this stage appear to be any alternative to the procedure already agreed between the Big Three at Potsdam. Certainly I know you will agree that it would not be possible or indeed desirable to lay down in advance a Commonwealth policy which the United Kingdom Foreign

Secretary could advance at the meeting of the Council in Paris prior to the general Conference at which the countries of the Commonwealth will be separately represented. You will recall that a somewhat similar procedure was suggested at the time of the first meetings of the Council of Foreign Ministers in London in September last, and that the procedure proposed did not work out very well. I see only new opportunities for misunderstandings if an attempt is made to revive this procedure now. Ends.

718.

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*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 998

London, April 24, 1946

IMMEDIATE. SECRET AND PERSONAL. Following for Robertson from Wrong, Begins: Machtig showed me today the Prime Minister's telegram of yesterday concerning his visit to London. He expressed great concern over the absence of Mr. King from the latter part of the consultations as now planned, and said Attlee, Bevin and Addison were all very anxious for Canadian representation. He had not had time to secure Attlee's views on Mr. King's telegram but he thought that he would welcome temporary Canadian representation by another Minister or even a senior official until the Prime Minister could come.

I said that I thought no temporary substitute could be sent to London at this stage, adding that the consultations had been arranged in a confusing and inconsistent manner and that the Prime Minister was sticking to the original understanding for a meeting before the Paris Conference.

I gather that their major but not sole concern here is over the effect on public opinion of a meeting attended by Smuts, Chifley, Nash and Evatt, with no Canadian present. Smuts advanced his departure for London because of the convocation of the Council of Foreign Ministers. It is mainly their own fault that things have gone this way, but nevertheless it is causing considerable embarrassment.

Two points made to me have substance. First the Council of Foreign Ministers may be protracted, lasting even as long as six weeks and we may not know until its close when, or even whether, there will be a Paris Conference. Secondly, in spite of the assurances given us by London and Washington, the Big Four are now unlikely to consent to any departure at the Paris Conference from the main decisions of the Foreign Ministers on the Peace Treaties. The deterioration of the general situation means that these decisions will be reached only after prolonged bargaining. The real Peace Conference may therefore be the Council of Foreign Ministers, and the countries invited later to Paris may only have a choice between signing and not signing the Peace Treaties. The present, therefore, may be the time to exert influence on the results. Ends.

719.

W.L.M.K./Vol. 324

*Mémorandum du cabinet du Premier ministre<sup>1</sup>**Memorandum by Office of the Prime Minister<sup>1</sup>*

SECRET

[Ottawa,] April 25, 1946

NOTE ON PROPOSALS FOR A MEETING OF PRIME MINISTERS  
OF THE BRITISH COMMONWEALTH, LONDON, 1946

## A. GENERAL ARRANGEMENTS AND TIMING.

1. The earliest notice of the proposed meeting is in a memorandum from Mr. Wrong dated December 19, 1945.

The intention then was that a meeting of Prime Ministers might be held in conjunction with the proposed Commonwealth discussions on commercial questions. The probable time suggested was the latter part of March (1946).

Mr. Wrong noted the unlikelihood of all the Commonwealth Prime Ministers being able to be in London at that time.

2. Official intimation of the proposed meeting came in a telegram from Mr. Attlee on February 4, 1946 (No. 26)†.

Mr. Attlee thought the time had come when it would be of "great advantage" to arrange a meeting. He appreciated the difficulty of Mr. King being absent for any length of time from Canada, but added that in any event Mr. King might think it desirable to represent Canada at the meeting in Paris of the Peace Conference, which, in accordance with the Moscow Agreement, was due to be arranged for May.

Mr. Attlee's suggestion therefore was that they should try to arrange a meeting in London a *week or ten days before the time fixed for the opening of the Paris Conference*.

This message was sent also to Mr. Chifley and Field Marshall Smuts. Mr. Fraser was at the moment in London.

3. Mr. King's reply of February 10 (No. 26)† welcomed the suggestion that a meeting might be arranged in London in May, and expressed Mr. King's intention to arrange Parliamentary business so that he could attend *both* the London meeting and the Paris Conference.

4. Mr. Chifley's reply (of Feb. 8, repeated to Ottawa as No. 2)† said a visit to London would only be possible immediately after Easter when Commonwealth Parliament would be in recess. He did not intend to go to the Paris Conference; Dr. Evatt would be Commonwealth Representative at this latter meeting.

5. Field Marshal Smuts' reply (of Feb. 9, repeated from London as No. 377)† welcomed the proposed meeting *before* the Paris Conference.

<sup>1</sup> De J. A. Gibson. Des paragraphes furent ajoutés à ce mémorandum après le 25 avril.

<sup>1</sup> By J. A. Gibson. Paragraphs were added to this memorandum after April 25.

6. Mr. *Attlee* sent a further message (Feb. 13, No. 33)† suggesting *April 29* for opening date, and that an attempt should be made to ensure the Peace Conference opening *about ten days thereafter*.

He also sent a draft of a statement intended to be made in Parliament in London on Feb. 18.†

7. Mr. King's message of Feb. 15 (No. 32)† stated that arrangements already made for the resumption of the Dominion-Provincial Conference in Ottawa on April 25 would prevent his being in London on April 29. He feared he could not change these plans to involve an absence from Canada *earlier* than the middle of May.

8. On receiving this message, Mr. *Attlee* postponed his proposed statement pending further consideration of dates. (Feb. 16, No. 36)†

9. In a further message (Feb. 20, No. 38)† Mr. *Attlee* asked if to meet Mr. *Chifley's* commitments to leave London not later than May 5, Mr. King could re-arrange his timetable to make April 29, or at any rate, May 1, possible.

10. Mr. King's reply (Feb. 21, No. 34)† pointed out that matters to be considered by the Dominion-Provincial Conference were "of first importance" to the federal as well as the nine provincial governments concerned; also that the the Budget could not be presented to Parliament until the results of the Conference were known.

Mr. King asked if it might not be arranged to have the meeting of Commonwealth Prime Ministers held immediately *after* the Paris Conference.

11. Mr. *Chifley* next suggested (Feb. 23, repeated to Ottawa as No. 3)† a meeting in two stages, one as soon as possible after Easter, the second series of consultations at a later date.

12. To this Mr. *Attlee* agreed as the best that could be achieved: i.e., a preliminary meeting with Mr. *Chifley* and any other Prime Minister who could attend, shortly after Easter, and a subsequent meeting either before or after the Paris Conference as might prove convenient. (Feb. 25, Circ. D.154)†

13. Field Marshal *Smuts* telegraphed it would be practically impossible for him to attend before April 29, but he did not wish this to delay an earlier meeting of other Prime Ministers. (Mar. 5 repeated to Ottawa as No. 3)† (Note: in the event, he reached London on April 28).

14. On March 5 Mr. *Attlee* informed Mr. *Chifley* (Circ. D.197)† that the United Kingdom govt. would be ready to begin meetings with him on April 23.

15. Mr. *Fraser* informed Mr. *Attlee* on March 7 (repeated to Ottawa as No. 5)† that Mr. *Nash* expected to be available in London at the same time as Mr. *Chifley*.

16. Mr. *Attlee* again proposed a public announcement (March 11, Circ. D.214, D.215)† explaining that the first meetings would be with Mr. *Chifley*

and Mr. Nash, with the Prime Ministers of Canada and South Africa joining in discussions as soon thereafter as they were free to do so.

17. Mr. *King*, commenting on this draft announcement expressed doubt whether the gathering could be called a meeting of Commonwealth Prime Ministers, and suggested that it be definitely stated that it had not been possible to arrange a meeting at which all Prime Ministers of the Commonwealth could be present simultaneously.

Mr. *King* added that he felt the idea of associating the time of the meeting with the Paris Conference should be adhered to. Unless this were done, it would necessitate either a long wait in London, or two separate visits to Europe which it would be most difficult to arrange. (March 11, No. 67) †

18. In a telegram of March 12 (repeated to Ottawa as No. 4) † F. M. *Smuts* used almost identical language.

Mr. *Attlee* thereupon postponed his announcement. (March 12, Circ. D.233) †

19. Mr. *Chifley* concurred in the altered form of announcement (March 13, repeated to Ottawa as No. 6) †, and so also did Mr. *Fraser* (March 13, repeated to Ottawa as No. 7) †

The announcement, in agreed terms, was therefore made in the House of Commons at Westminster on the afternoon of March 18.

20. There is no further reference to a time of arrival in London of the Prime Minister of Canada until April 11. Mr. *Attlee's* telegram of that date (Circ. D.348) † refers to a *third* week of the Conference, "when we hope Mr. Mackenzie King will have arrived". (On the time-table specified for the *first* and *second* week, the *third* week would begin on *May 7*). (See also Mr. *Massey's* tel. of April 12, No. 937) †

21. In a telegram to Mr. *Attlee* on April 18 (No. 148) Mr. *King* mentioned that he would have to combine in one absence from Canada his participation in the talks in London and his attendance at the Paris Conference. Assuming that the latter would not be delayed beyond the beginning of June, he had made travel arrangements which would bring him to London about May 18. (This would preclude Mr. *King's* being in London while Mr. *Chifley* was there, but Mr. *King* hoped he might see Mr. *Chifley* in Ottawa on the latter's return journey from London to Australia.)

22. Mr. *Attlee's* reply (April 21, No. 76) † suggested there could be no clearer idea of the date of the Paris Conference until after the Foreign Ministers had met in Paris (April 25). He added:

We should be very unhappy if the contingency of postponement of the Paris Peace Conference resulted in your missing personal contact with us, Field Marshal *Smuts*, and the representatives of Mr. *Chifley* and Mr. *Fraser* . . . . . It would be a great disappointment to us and to public opinion in this country if it were found impractical to hold some meetings . . . with all the Prime Ministers or their representatives present.

Mr. *Attlee* appealed for Mr. *King's* arrival by May 6 at the latest if at all possible.

23. Mr. *King* sent a reply on April 23 (No. 155),† indicating that after consideration with his colleagues whether he could postpone or rearrange commitments to make possible arrival in London by May 6, all were agreed it would be quite impossible for him to do so.

Mr. *King* also detailed the questions necessitating his being in Ottawa for some days (e.g. the Budget, United Kingdom Loan legislation). He thought it might be advisable to defer making final the plans for his visit to London; but once a date had been fixed for the Paris Conference, it ought to be possible to find a mutually convenient date for a meeting in London, which might perhaps follow instead of precede the Paris Conference.

J. A. G[IBSON]

24. In a message dated April 26† Mr. *Attlee* stated that the situation respecting meetings in London had been changed (a) by the fact that F. M. *Smuts* would be in London at the same time as Mr. *Chifley* and Mr. *Nash*, and (b) by the decision to hold a meeting of the Council of Foreign Ministers in Paris. He added:

The result is that we must, we feel, discuss with the three countries who are represented here a number of questions\* which are really of very direct interest to Canada. We can postpone these until the week beginning May 6th but hardly longer, as it looks as if it would be necessary to bring the present consultations to a close at the end of that week.

\*questions referred to included: atomic energy general policy towards Germany  
"clearly inappropriate" to discuss without Canada being present

Mr. *Attlee* thought it would be "very unfortunate" if the present discussions were to close in the middle of May without a Canadian representative having taken part; and he hoped Mr. *King* would be able to send someone to represent Canada at any rate in the discussions beginning May 6. (no difficulty about conferring with Mr. *King* after the Paris conference, but this would not meet difficulty of week of May 6).

25. Mr. *King* told Mr. *Attlee*, in a message dated May 1†, that the Cabinet, after consideration, had decided that no one of the Ministers who might take Mr. *King's* place could be spared. All things considered, Mr. *King* felt best course was to proceed on his original plan to leave (on May 12 (13) without waiting for date of Paris Conference to be fixed.

Mr. *King* added that he was glad to know that some of the Commonwealth representatives were likely still to be in London during the latter part of May, and he looked forward to joining in exchange of views with them on questions of mutual concern. If other questions emerged on which a preliminary indication of the Canadian point of view might be helpful, he hoped Mr. *Attlee* would feel free to continue to raise them through the usual channels.

26. In a communication of May 7† Mr. Attlee stated it was intended to adjourn the first series of talks on May 8, and to resume them after Mr. King's arrival (May 20 suggested).

At the same time, "papers" covering discussions thus far on  
 Council of Foreign Ministers, Paris  
 Peace Treaties with Italy and satellite states  
 Ruhr and Western Frontier of Germany  
 Atomic Energy

had been forwarded for Mr. King's information.

27. Mr. Attlee added that on certain questions, particularly those relating to *defence*, he would like to have the opportunity of *separate* discussions with Mr. King.

28. Mr. King's reply to Mr. Attlee's message of May 7 (dated May 10 and communicated through Earncliffe) stated that the records of proceedings so far received indicated a purpose and method of procedure completely different from anything he had been led to expect. Reviewing earlier exchanges of messages, Mr. King recalled that the agreed announcement of March 18 had specified that the proposal for a meeting of Prime Ministers (as such) had been abandoned, and instead arrangements had then been made to hold "*a series of consultations*".

Mr. King felt that the printed papers carried with them "in form and substance all the responsibilities that would fall on the shoulders of a Prime Minister at an Imperial Conference." (This would ordinarily involve an agreed agenda circulated in advance for study and discussion at home, plus ministerial representation in addition to Prime Minister, together with expert advisers).

Mr. King said frankly he was not in any position to assume an obligation of this kind on behalf of Canada. He had assured Parliament (as he noticed F. M. Smuts had assured the South African Parliament before leaving the Union) that he expected the discussions to be *informal, exploratory, and* confined to major matters of mutual interest, in which the representatives would be free to speak their minds without verbatim records being kept and without reports being given out to the press from day to day. He (Mr. King) would greatly hesitate to participate in proceedings of a more formal character.

Further, he had felt it necessary to let Parliament know, before his departure, exactly the extent to which he might be expected to speak for Canada on any matters which might, to appearances or in reality, commit Canada to any so-called Commonwealth policy either on defence, trade preferences, [or] international treaty obligations, May 9, 1946 Hansard, pp. 1392-1393. He thought it desirable to be equally explicit about the position he would have to maintain in any consultations in which he might be expected to participate.

720.

W.L.M.K./Vol. 324

*Mémorandum du cabinet du Premier ministre<sup>1</sup>**Memorandum by Office of the Prime Minister<sup>1</sup>*

SECRET

[Ottawa,] April 26, 1946

NOTE ON PROPOSALS FOR A MEETING OF PRIME MINISTERS  
OF THE BRITISH COMMONWEALTH, LONDON, 1946

## B. 2. COORDINATION OF COMMONWEALTH DEFENCE

(a) reported by High Commissioner, London, as a "principal subject" figuring in press reports following Attlee announcement (Mar. 4, Tel. 621) †

(b) subject had been mentioned in White Paper on Defence (Feb. 21, CMD 6743). One extract from Section viii reads:

His Majesty's Government in the United Kingdom acknowledging to the full the tremendous efforts put forward in the common cause by the whole Commonwealth and Empire, earnestly desire to continue in peace the full partnership established in war. It will be necessary to consider with the governments of His Majesty's Dominions and India the way in which the lessons of the war can be applied to promote consultation and collaboration in defence matters during peace.

(c) The Political Correspondent of the *Sunday Times* (London) on March 3 wrote that he understood

... particular attention is being given to devising an improvised (sic) system of consultation and co-ordination for defence. . . . (One method under consideration is) the establishment of an Organization, comparable with the Military Staffs Committee of the United Nations, with appropriate functions in relation to Imperial defence.

(d) Other press reports spoke of a co-ordinated plan for Imperial defence said to have been drawn up by Field Marshal Alanbrooke as a result of his recent tour (through the Mediterranean, India, Australia and New Zealand, but not to Canada, which he last visited in September 1944.)

(e) On this question (as on the related question of Commonwealth trade), Mr. *Massey* suggested that the public, on the basis of press speculation, might be "led into great expectations" of the Prime Ministers' meetings, and said it would be useful to have any guidance the Department might offer in case the subject attracted still more attention.

(f) The Department's reply is in Tel. 695 of March 23. It expresses concern over the possibility that the character and importance of the consultations in prospect for London were being over-emphasized in the United Kingdom.

It assumed this might be due to three main causes

i. profound anxiety over Soviet policy inevitable uncertainty about continued firmness of U.S. policy both producing desire to play up strength of

<sup>1</sup> De J. A. Gibson. Des paragraphes furent ajoutés à ce mémorandum après le 26 avril.

<sup>1</sup> By J. A. Gibson. Paragraphs were added to this memorandum after April 26.

Commonwealth as a whole and lay stress on capacity of Commonwealth governments to take concerted action

ii. Labour government anxious to give no ground for charges it was not an effective guardian of Imperial interests

iii. waning faith in capacity of United Nations Organization to be an effective guardian of peace and security had given rise to renewed interest in the military power of the Commonwealth.

(g) On question of Commonwealth defence, it was recalled that no general proposals for post-war co-operation had been made since Lord Cranborne's suggestion at end of Prime Ministers' meetings in London in June, 1944;

some plans had been put forward for co-operation in particular tasks (cf. defence research);

official language of U.K. Ministers and in documents which Dept. had seen indicated some desire to see created an organization to plan and direct "Imperial Defence" (suggested that phrase should be dropped from current vocabulary because of unnecessary misunderstanding and irritation, and because it had little value in relation to strategic realities today);

(h) Summary of other reactions contained in Department's reply:

quite apart from proven war capacity in event of general war, Canadian responsibility for defence of Canadian territory (together with responsibility for defending in collaboration with U.S. the approaches to northern part of this continent) was a very important aspect of the defence of the British Commonwealth;

Canadian opinion does not think in terms of defending Imperial interests *as such* (i.e. sharing responsibility for defending areas remote from Canada)

Canada was deeply concerned that security and strength of whole British Commonwealth should be maintained, but could not conceive this as being effectively safeguarded *by exclusive Commonwealth arrangements*;

The strategical interests of the Commonwealth were so diverse that their protection required the co-ordination of defence *between* individual Commonwealth countries *and* foreign states.

Note: Following an enquiry from the Acting High Commissioner in South Africa, a memorandum containing the substance of this reply was, on direction, communicated to Field Marshall *Smuts* for his personal information. (April 12, No. 46) †

(j) [*sic*] Suggested by Mr. Attlee (March 27, Circular D. 285) †

defence questions affecting particularly U.K. Australia and New Zealand, especially U.S. request for bases in Pacific Islands

*defence co-operation in forms suitable for the different circumstances of the various members of the Commonwealth*

On this latter question, Mr. Massey reported (March 29, Telegram 846) † that although the U.K. Government were under pressure from many sides

“to urge on other Commonwealth countries a tightly-knit system of Commonwealth defence”, Government spokesmen had “consistently fought shy on giving this conception positive support.”

(Attention was called to a debate in the House of Lords on March 28, in which close integration of defence planning for the Commonwealth had been urged. In reply, Lord Addison had said:

“... There are regional groups of problems in the consideration of which everyone is willing to co-operate. But it is very different from having a group of high-powered, superior persons at the top, who might be tempted to give orders to those nations. That would not work . . .”

(k) Field Marshall *Smuts* told Acting High Commissioner for Canada at Capetown (April 10, Telegram 33)† he thought U.K. sources might, in interval between his own and Mr. King’s arrival in London, try to influence him to modify his attitude so that when Mr. King arrived there would be a lack of uniformity between South African and Canadian ideas on Commonwealth defence.

He asked for a memorandum setting out points mentioned in paragraphs f, g, h, above. This was, on authorization from Ottawa, done.

(1) Attention was called (in Mr. Massey’s telegram No. 1026 of April 27)†, to a *Times* article on “Next Phase of Empire Defence”—reporting a purported plan which included

· dispersal of military and industrial resources throughout the Commonwealth; and

redistribution of manpower for new planning and directive organizations

When Mr. Massey enquired at the Dominions Office as to the credence to be attached to this report, it was stated to be “unfortunate”; there was in fact no question of a prepared plan being put forward as a formal submission to Commonwealth Ministers. It would be open to Mr. King when he arrived to say whether he wished to discuss the particular subjects under reference.

(m) The subject of Commonwealth Defence does NOT figure in the provisional timetable circulated by Mr. Attlee (on May 10) for the meetings from May 20 through May 24.

### 3. COMMONWEALTH TRADE AND THE FUTURE OF EMPIRE PREFERENCE

(a) reported by High Commissioner, London, as a “principal subject” figuring in press reports following Attlee announcement (March 4, Telegram 621).†

(b) High Commissioner, London, was informed on March 23 (telegram No. 695) that Department had no information that these matters were to be brought up in London.

Such a course did not seem appropriate in view of carefully prepared program leading up to general conference on international trade. (late 1946 or early 1947). Preliminary Commonwealth talks in preparation for conference of drafting countries were scheduled for mid-July.

(c) Field Marshal Smuts suggested (April 3, H.C.L. telegram 882)† an exchange of views on trade barriers and Imperial *preference*

Mr. Attlee's comment (April 6, Circ. D. 326)† was that discussion of economic subjects at London meetings had not been contemplated because of later meetings on commercial policy.

(d) New Zealand Government stated (April 8, repeated to Ottawa as No. 12)† that they would welcome "a general exchange of views on trade barriers and Imperial preference."

(e) During the first series of talks ending on May 8, both F. M. Smuts and Mr. Nash had suggested it would be "useful" to have "a general talk about commercial policy and imperial preference". Mr. Attlee had explained that it was suggested that the technical issues involved should be the subject of expert meetings a little later; but it was the general feeling that a brief discussion of principles on the ministerial level would be helpful.

(f) In his message to Mr. Attlee of May 10, Mr. King mentioned that he did not expect any general discussion on commercial policy or imperial preference to be of much value without the presence of the Canadian Minister of Finance.

(g) In the timetable circulated on May 10, commercial policy questions are put down for Thursday, May 23, at 3:45 p.m.

#### 4. PEACE TREATIES (see also Section 6)†

(a) Suggested by Mr. Attlee for *third* week of talks (April 11, Circ., D. 348)†

(for *1st* week, see Sec. 1)

(for *2nd* week, see Secs. 6, 8)†

(b) referred to again by Mr. Attlee in following extract (April 21, No. 76)†

... the meeting of the four Foreign Ministers in Paris may be impelled to reach what may in effect be conclusions, to which we shall be committed, about some of the major issues to be settled at the Paris Peace Conference, and this renders it particularly desirable that we should be in the closest touch with you here while the meeting of the four Foreign Ministers is still going on. . .

(this latter meeting began on April 25)

(c) Mr. King's reply to this point was as follows: (April 23, No. 155)<sup>1</sup>

(d) Commenting on this situation, Mr. *Wrong* telegraphed the Under-Secretary on April 24, (No. 998). Of representations made to him by Dominions Office, he remarked:

... in spite of the assurances given us by London and Washington, the Big Four are now unlikely to consent to any departure at the Paris Conference from the main decisions of the Foreign Ministers on the peace treaties. The

<sup>1</sup> Voir les deux derniers paragraphes du document 717.

<sup>1</sup> See last two paragraphs of Document 717.

deterioration of the general situation means that these decisions will be reached only after prolonged bargaining. The real Peace Conference may, therefore, be the Council of Foreign Ministers, and the countries invited later to Paris may only have a choice between signing and not signing the peace treaties. The present, therefore, may be the time to exert influence on the results.

(e) Comment by Mr. Attlee in his message on April 26† (gray).

. . . there is of course no idea on our part that the Foreign Secretary should advance a "Commonwealth Policy". What we have in mind is that it is of the greatest value to the Foreign Secretary in putting forward United Kingdom views, to know how far these are in harmony with the general views of the other members of the Commonwealth. So far as we are concerned we fully agree with the view which you /Mr. King/ have expressed (in telegram No. 155 of April 23) that each country concerned must have a full opportunity at the Paris Conference of expressing its views, but we cannot disregard the probable line that other countries will take at the Council of Foreign Ministers.

(f) The subject was proposed for discussion also in Mr. Attlee's message of May 7 as

the proceedings of the Council of Foreign Ministers at Paris, and the question of the peace treaties with Italy and satellite states.

(g) The subject appears, as described above, in the timetable circulated on May 10, with the addition of treaties with Roumania, Bulgaria, Hungary and Finland, for discussion on Monday, May 20, at 3:45 p.m.

721.

PCO/U-10-11

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

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

TELEGRAM 1035

London, April 29, 1946

CONFIDENTIAL. My telegram 1026, April 27th.† Conversations with Prime Ministers.

From informal conversations we gather that Dominions Office are concerned about question of keeping Canadian Government informed on matters discussed with other Commonwealth Ministers. They had not planned to send us the papers presented at the first series of discussions because it was assumed that all this ground could be covered during the meetings at which you would be present.

2. As the Dominions Office Staff which normally prepares reports for other Commonwealth Governments is so busily engaged on current conversations, it has not been possible for them to do special summaries for the Canadian Government.

3. This morning Holmes was shown the papers and minutes of the meetings to date and allowed to go through them at the Cabinet offices. His attention was particularly directed to the papers on defence with the suggestion

that he might see for himself how they differed from the impression given by *The Times*. (My telegram No. 1026). He will be able to see the papers regularly, and I shall endeavour to keep you posted on the basis of this and other information. Hudd is also in frequent conversations with Machtig.

722.

W.L.M.K./Vol. 406

*Le Premier ministre au haut commissaire adjoint de Grande-Bretagne*  
*Prime Minister to Deputy High Commissioner of Great Britain*

TOP SECRET AND PERSONAL

Ottawa, May 10, 1946

My dear Mr. Holmes,

I would be grateful if you would send to Mr. Attlee the following message in reply to his message, contained in your letter to me of the 7th of May: †

As you are aware, I am most anxious to be as helpful and co-operative as possible in all matters which are of general concern to the governments of the countries of the British Commonwealth and, I might add, in particular, to your government and our own.

Your message of May 7th and the record of the proceedings which have so far taken place and which I have just seen for the first time, represent, however, a conception of the purpose and method of procedure so different from what I have been led to understand were the purpose and nature of the consultations to be had in London that I feel I should let you know at once how completely they differ from anything I have either understood or anticipated.

You will recall that, commenting on a draft announcement with respect to the proposed gathering of Prime Ministers in London, (my telegram No. 67 of March 11), † I expressed doubt whether the gathering could be called a meeting of Commonwealth Prime Ministers, and added that I felt the idea of associating the time of meeting with that of the Paris Peace Conference should be adhered to. I had not seen at the time I sent that message to you the message † which came to you almost simultaneously from Field Marshal Smuts and which was in almost identical language. It was thereupon decided that the proposed announcement respecting a meeting of Prime Ministers should be altered and both Mr. Chifley and Mr. Fraser agreed to the alteration. Thereafter an announcement in agreed terms was made in the House of Commons at Westminster on March 18th.

In this agreed announcement (your telegram Circ. D.234 of March 15) † it was made clear that the proposal for a meeting of Prime Ministers had been abandoned and that instead arrangements had then been made to hold "a series of consultations".

The records of proceedings which I have thus far received make it clear that these proceedings have not been in the nature of consultations, as that word is generally understood, and as I have interpreted it. In reality, they

carry with them in form and substance all the responsibilities that would fall upon the shoulders of a Prime Minister at an Imperial Conference. Where an Imperial Conference is held, there is an agreed definite agenda circulated months in advance to permit study and discussion at home with one's own colleagues. At the Conference, certain colleagues as well as the Prime Minister himself, are expected to participate, and to be accompanied by expert advisers.

I must tell you quite frankly that I am not in any position to assume, on behalf of Canada, an obligation of this kind. As I have told you, it will not be possible for me to bring any of my colleagues with me on this occasion, nor can I take away from the administration of the public service the senior officers whose expert advice would be essential if I am to attempt, with others, a serious examination of the major questions mentioned in your message. Specifically, I would not expect any general discussion on defence matters, or on commercial policy or imperial preference to be of very much value without the presence of my Ministers of Defence and of Finance. Nor can I see much to be gained at a meeting of Prime Ministers from even a preliminary discussion of problems of the nationality of married women.

I have assured our Parliament, and I note that Field Marshal Smuts did the same in his Parliament before leaving South Africa, that I expect the discussions to be informal, exploratory and confined to major matters of mutual interest in respect of which it would be helpful for us to know how the Prime Ministers of the several Commonwealth countries were viewing them.

What, in a word, I have assumed would be the manner in which consultations would be carried on, and any results arrived at, and recorded, is something similar to the consultations held at Washington between President Truman, Mr. Byrnes, yourself and myself, at which we were free to speak our minds without verbatim records being kept and without reports being given out to the press from day to day. I am prepared to confer with yourself and other Prime Ministers, or their representatives, in a similar manner, but would greatly hesitate to participate at this time in proceedings of a more formal character.

As I have made very clear in the several messages I have sent to you, I am taking great risks in being absent from Canada at this time while Parliament is still confronted with a heavy legislative programme, and with the situation as it exists through some of the problems which face the Administration.

In my message of May 1st,† I indicated that I was planning to leave from New York on the *Queen Mary* on May 12 and expected to be in London on the 18th. I now learn that the ship is not sailing until the 14th, so that the estimated time of my arrival in London should be put forward accordingly. You may wish to have this in mind in arranging the time of our first meeting.

You will realize, I am sure, that I am most anxious to avoid adding in any way to your present anxieties. Conditions here, however, have rendered it necessary for me to let Parliament know, before I leave, exactly the extent

to which I may be expected to speak for Canada on any matters which may, in appearance or in reality, commit Canada to any so-called Commonwealth policy either on defence, trade preferences, international treaty obligations, or the like. I feel it may avoid, after my arrival in London, embarrassment to all concerned were I, before leaving Canada, to be equally explicit towards yourself and the other Prime Ministers or their representatives as to the position I shall have to maintain in any consultations in which I may be expected to participate.

I need not add how much I am looking forward to seeing you and several of your colleagues again, and of having with you an opportunity to talk in the freest manner possible over some of the many problems with which we are becoming increasingly concerned. Message ends.

Yours sincerely,

W. L. M[ACKENZIE] K[ING]

723.

DEA-FAH

*Extrait du procès-verbal d'une réunion des Premiers ministres*

*Extract from Minutes of a Meeting of Prime Ministers*

TOP SECRET

May 21, 1946

SIXTEENTH MEETING

\* \* \*

MR. MACKENZIE KING said that he had been much impressed by Mr. Bevin's clear review. His own views were, in general, completely in accord with those expressed by Mr. Bevin.

He felt strongly that Germany must be maintained as a whole. If any other policy was followed grave problems would be sure to arise in the future. A policy of splitting the country up would be foredoomed to failure. Germany would remain an entity by the strength of her national sentiment. He did not think that the German people as a whole, as distinct from certain groups, would want war, if they had work.

He was in entire agreement as to the importance of getting German industrial production under way as soon as possible. Until that was done we should have continual demands for relief of one kind or another. Once Europe began to supply itself with its own needs and exchange of commodities between Germany and other countries began again, many difficult problems would find a natural solution.

Mr. Mackenzie King expressed his full concurrence with the view that there must be complete reciprocity between the zones; if, for example, the Russians were to have any voice in the affairs of the British zone, the United Kingdom must have an equal say in the affairs of the Russian zone. He said that the choice clearly lay between a world based on good will and one split

into two groups, Communist Russia and the rest. A striking illustration of Russian methods had been afforded by the recent unearthing in Canada of underground activities on an unsuspected scale. Individuals in positions of confidence had been involved. Some of them may have been motivated by the highest ideals, although they had failed to realize the true character of the system they were supporting. If an impression should get abroad that the democracies were displaying impatience and lack of understanding in their relations with Russia, they might find among their own people sympathy of surprising magnitude with Russian ideals.

Reference had been made by Dr. Evatt at the previous meeting to the unfortunate fact that important decisions on the post-war settlements had been taken during the war without the participation of Commonwealth Governments and those of other lesser powers. Mr. Mackenzie King was also sorry that that had been necessary, and he thought that the United Kingdom Government shared this view. But he recognised that, at times, decisions had had to be taken in the light of pressing current situations. No doubt if the end of the war could have been foreseen different decisions might have been taken in one or two cases, but, as it was, we were bound by them. He was also very sympathetic with the view of Dr. Evatt that the Peace Conference regarding Italy and the Balkans should not be a mere formality; the participating Governments must have an effective opportunity to express their views. He suggested that British Commonwealth Governments probably attached no less importance to this issue than European countries concerned with the Peace Conference; the latter were so fully occupied with their own immediate problems of reconstruction that he did not think that they expected to be more fully consulted at this stage. In all the circumstances, he was inclined to the view that it would be a mistake to hasten the final settlements. Time was a healing influence. The apparent lack of success of the meetings of the Council of Foreign Ministers was no doubt unfortunate. Nonetheless the delay had its advantages. For instance it had made it possible for the Prime Ministers of the British Commonwealth to meet United Kingdom Ministers. They could now speak with knowledge not only of the facts of the situation but also of the way in which Mr. Bevin was dealing with them. Mr. Bevin, for his part, would be aware of their views, and the United Kingdom Government's policy in the settlement would be influenced by the views of Commonwealth Governments.

At the same time, he sympathized with the views expressed by Mr. Nash as to the inconvenience of the indefinite dates for the Conference. It would have been preferable for the British Commonwealth consultations to have been held immediately before or after the Peace Conference or possibly, as sometimes at Geneva in the past during the session of the Conference.

Mr. Mackenzie King was doubtful as to the wisdom of trying to hold a Peace Conference without the prior general agreement of all the four Powers. If the Council of Foreign Ministers could not reach agreement, there was little prospect of agreement emerging from the wider Conference. He was becoming doubtful as to the efficiency of open conferences as a medium of international

negotiation in its early stages. The reaction against the methods of the old secret diplomacy had, he thought, gone too far. It was difficult for Governments to recede from positions which had been publicly taken up. There were thus advantages in some degree of secrecy until general lines of agreement were apparent. A happy mean must be found.

Mr. Mackenzie King felt strongly that, if there should be an eventual breakdown of negotiations owing to Russia's attitude, negotiations should be so conducted that it should be manifestly Russia who was in the wrong. He believed that if at every meeting she raised difficulty after difficulty, other nations would become increasingly impatient and that that circumstance, in its turn, might influence Russia's own attitude. Admittedly there was the risk that delay would enable her to consolidate her position in occupied territories. Nevertheless he did not believe in haste. It was at this moment most difficult to distinguish which movements in current affairs were important. With the passage of time this would become clearer. He believed that the balance of advantage lay in caution. The settlement, when reached, would govern the world situation for years to come. If there was no settlement, the future was dark indeed. A policy of consistent, cautious and patient effort might in the end bring success.

724.

DEA-FAH

*Extrait du procès-verbal d'une réunion des Premiers ministres*

*Extract from Minutes of a Meeting of Prime Ministers*

TOP SECRET

May 22, 1946

SEVENTEENTH MEETING

. . .

NATIONALITY OF MARRIED WOMEN

1. The meeting had before them memoranda by the South African Delegation (P.M.M. (46) 28) and by United Kingdom Ministers (P.M.M. (46) 30) on the nationality of married women.

FIELD-MARSHAL SMUTS said that forceful representations had been made to the Union Government to the effect that the nationality of a wife should not be affected without her consent either by the mere fact of marriage or by any change in her husband's nationality. The Union Government were disposed to agree that a British woman should retain her British nationality on marriage to an alien unless she explicitly declared her desire to acquire her husband's nationality; and that, similarly, a British woman should be allowed to retain her British nationality if her husband, having been a British subject at the time of the marriage, subsequently became an alien. The Union Government had, however, wished to ascertain the views of other members of the British Commonwealth on this question. In the memorandum by the United Kingdom Ministers (P.M.M. (46) 30) it had been pointed out that provision had already been made in the laws of the United Kingdom and of the Dominions other

than South Africa to give effect to the principle that the naturalisation of the husband during marriage shall not involve a change in the nationality of the wife except with her consent. The nationality laws of these parts of the British Commonwealth also enabled a British woman, on marriage with an alien, to retain her British nationality in all cases where she did not acquire her husband's nationality under the law of his country. British nationality law would, however, be profoundly affected by a new Nationality Bill now under consideration by the Canadian Parliament; and the United Kingdom Government had already suggested to all Dominion Governments that a conference of experts should be held to consider what changes should be made in the nationality laws of the other self-governing parts of the Commonwealth, or what other action should be taken, to preserve the common status of British subjects, in the light of the new approach to the question of British nationality which was made in this Canadian Bill. The United Kingdom Ministers had therefore suggested that this conference of experts should now be invited to study, not only the issues raised by the Canadian Bill, but also the detailed questions which would arise if the principle of equality of the sexes were generally accepted by all countries of the Commonwealth as the basis of their law relating to the nationality of married women.

Field-Marshal Smuts said he recognised that this was a technical subject which called for detailed study by experts; and he supported the suggestion that it should be remitted for detailed investigation by the conference of experts on nationality law which had been proposed by the United Kingdom Government.

MR. MACKENZIE KING said that the Canadian Government agreed that such a conference should be held and would be glad to nominate legal experts to take part in it. He also agreed that the questions which Field-Marshal Smuts had raised about the nationality of married women should be included among the subjects to be discussed at the conference. While he agreed with the substance of what was said about the new Canadian Bill in paragraph 10 of the memorandum by United Kingdom Ministers (P.M.M. (46) 30) he asked that, if reference were made to this in any public statement, it should take the following form:

In view of the fact that the Canadian Bill introduces certain new principles in nationality legislation, the United Kingdom Government has suggested the desirability of holding a meeting of legal experts to examine the possible modifications in the general status of British subjects that would result from it and which may make desirable corresponding changes in the legislation of the other countries of the Commonwealth.

LORD ADDISON said he readily accepted the amended version of this statement proposed by Mr. Mackenzie King.

DR. EVATT said that, as stated in paragraph 4 of P.M.M. (46)30, the Australian law already provided that a British woman marrying an alien should retain the rights and obligations of a British subject in Australia, even though she acquired by her marriage the nationality of her husband. The

Australian Government desired, however, that such rights conceded by the laws of one part of the British Commonwealth should be recognised in other parts of the Commonwealth; and they therefore favoured discussion of this problem on a Commonwealth basis. They also desired similar discussion of the new situation created by the Canadian Bill—though they were themselves disposed in principle to favour the changes proposed by that Bill. All these matters raised, however, a number of complex legal issues, which required detailed examination by experts; and it would be inexpedient for Governments to express their final views until a conference of experts had been held and its report had been considered.

MR. NASH said that his Government favoured the view that the law relating to the nationality of married women should be based on the principle of equality of the sexes. At the same time they recognised that difficult legal issues were involved and he supported the proposal for the holding of a conference of experts to consider these problems relating to the nationality of married women, and also the wider issues raised by the Canadian Nationality Bill.

MR. MACKENZIE KING said that the Canadian Government were anxious to bring their new Nationality Bill into operation on the 1st January, 1947, and on this account they would be glad if the proposed conference of experts could be held at an early date.

Further discussion showed that there was general agreement that the conference of experts should be held in London during the course of the next few weeks.

It was agreed that Lord Addison should discuss with the Lord Chancellor the detailed terms of reference for the proposed conference of experts on British nationality law and should thereafter take steps to convene the conference in London at the earliest date convenient to the representatives of the various Dominions.

#### SOUTH-WEST AFRICA

2. FIELD-MARSHAL SMUTS said he wished to take this opportunity of discussing with representatives of other parts of the Commonwealth the proposals of the South African Government for the future of South-West Africa.

South-West Africa was now held by the Union of South Africa under a "C"-class Mandate. It was, however, different from other territories in that class in that geographically it was part and parcel of South Africa. Indeed, it was only by historical accident that it did not form part of the Union. In the scramble for Africa, Germany had acquired this barren country in 1886 and built up a colony with immigrants from Germany. These German settlers caused the South African Government considerable trouble during the 1914-18 war.

At the Peace Conference after the last war President Wilson had been sympathetic to the idea that the territory should be annexed by South Africa. A statement had, however, been included in the Fourteen Points which precluded

annexations of territory. A way out of this difficulty was found by the creation of the special "C"-class Mandates, which could be administered by the Mandatory Power as integral parts of its territory. South-West Africa had been administered accordingly ever since, but there was a strong feeling in South Africa that it should now be incorporated in the Union. South Africa had been troubled again before this war by a Nazi movement among the settlers in South-West Africa, and it had been necessary to send from the Union a strong police force to keep the peace in the territory.

The white population in South-West Africa, numbering some 31,000, had a local Parliament of their own. It had, however, no jurisdiction over the native population, as the Union had responsibility under the Mandate for native policy. The local Parliament had passed unanimously more than one resolution that the territory should be incorporated in the Union. The Union Government had consulted the native population; this numbered some 350,000, consisting in part of scattered and disintegrated tribes, with very little tribal organisation, but for the most part of more highly organised and virile Bantu tribes. These were governed practically on the principles of indirect rule with their own chiefs and councils. While it had been rather difficult to consult the scattered tribes, consultation with those who had their own council had been easier and it was possible to say that some 80 per cent of the native population had agreed that the territory should be incorporated in the Union.

Field-Marshal Smuts said that in San Francisco he had given notice that he would apply to the United Nations Organisation for their approval of incorporation. He recalled that the objective of the trusteeship system was the development of self-government. It seemed to him that this objective could be reached equally well by making a mandated territory independent and by making it, at its own request, part of a neighbouring independent territory. He proposed to raise the matter, therefore, at the Assembly in September next. He quite appreciated that there might be criticisms of the proposals in the Assembly, because other Powers holding Mandates were accepting trusteeship arrangements. There would be opposition from those who, for one reason or another, were not in sympathy with the policy of the Union Government and from those who objected in principle to the colonial system or imperialism. In these circumstances, the South African Government were anxious for such assurances of support as they could obtain and naturally they turned first to their friends in the Commonwealth. The argument was often put forward in South Africa that she derived status and strength from membership of the immensely powerful association of the Commonwealth. If now she received support from the other members of the Commonwealth, that would be striking evidence of the truth of the argument and would be of very great assistance in promoting the causes they all had at heart.

LORD ADDISON said that the United Kingdom Government had given much thought to this matter. They recognised the great force of the considerations to which Field-Marshal Smuts had referred and they were clear that geographically South-West Africa would naturally be associated with the Union.

Indeed Walvis Bay, its port, was already part of the Union. On the other hand, they were alive to the difficulties which were likely to arise in discussion of this matter at the United Nations Assembly. The chief concern of the United Kingdom Government had been whether incorporation would be supported by the inhabitants of the territory. They had concluded that, on the understanding that it was so supported, they would themselves give the South African Government their support. It seemed clear that the white population was heartily in support of incorporation. As to the natives, they understand that a section of the Herreros did not favour it but that a very large majority of the remainder were in favour.

Lord Addison said that the view of the United Kingdom Government had been reached after full consideration and detailed discussion as to the facts of the situation.

MR. MACKENZIE KING said that, if he had been in Field-Marshal Smuts's place, he did not doubt that he would have taken the same view of the matter. He had not had an opportunity of discussing it with his colleagues but he thought that they would share his opinion. He assumed that it would not be advisable to make any declaration of the attitude of the other members of the Commonwealth before the matter was brought before the United Nations Assembly.

FIELD-MARSHAL SMUTS agreed with this. He thought that any prior expression of solidarity by countries of the Commonwealth would be very undesirable.

725.

DEA-FAH

*Extrait du procès-verbal d'une réunion des Premiers ministres*

*Extract from Minutes of a Meeting of Prime Ministers*

TOP SECRET

May 22, 1946

EIGHTEENTH MEETING

\* \* \*

## UNITED KINGDOM DEFENCE OBLIGATIONS

2. The meeting had before them a memorandum by Lord Addison (P.M.M. (46) 31) summarising the present military and financial commitments of the United Kingdom. The memorandum showed that, in order to carry out the military commitments essential to an effective foreign policy, the United Kingdom would need to maintain in 1947 forces varying between 1,194,000 in strength at the beginning of the year and 1,077,000 at the end. There would be no alternative to the maintenance of lengthy compulsory military service over the next five years. Total military expenditure in the current year was £1,200 million plus additional charges arising from the termination of the

war of £576 million which would be largely non-recurrent. Of the figure of £1,200 million some £250 million would be incurred overseas. Particulars were also given of other inescapable overseas expenditure to a total of £195 million to indicate the strain imposed on the United Kingdom's balance of payments.

LORD ADDISON, in recalling the previous discussions on responsibilities for Commonwealth defence, said that United Kingdom Ministers desired to bring to the attention of the Dominions the heavy burden now being borne by the United Kingdom. This short factual statement had therefore been prepared to focus attention on the magnitude of her military and financial obligations.

MR. BEVIN said that in the past the United Kingdom had, to a great degree, assumed the responsibility of the provision of forces to maintain the security of the Commonwealth, and for that matter of much of the rest of the world also. She had been able to bear the cost of this largely out of the income derived from foreign investments. To-day the position had changed. Her income from foreign investments had been very greatly reduced and, in order to earn foreign exchange to make good the loss of revenue from foreign investments, she must increase her exports of manufactured goods. This in its turn involved a most serious strain on her man-power, for it had been estimated that it would entail an increase of approximately 500,000 in the labour force required for the export industries. The supply of civilian goods to the home market must also be severely curtailed for some years to come. There was also the problem of finding funds for the repayment of the American loan—if it was granted—over the next 50 years. Mr. Bevin thought that it would have a disastrous effect in the sphere of foreign affairs if the United Kingdom defaulted on her obligations under the loan.

In these difficult circumstances the question arose in the mind of United Kingdom Ministers whether some relief could not be obtained for part of her defence burden, in respect of both man-power and finance. He did not suggest that there should be contributions to a common pool, nor was he suggesting any modification of the present freedom of action of the different members of the Commonwealth. But there might perhaps be some redistribution of responsibilities so that each member assumed special obligations in respect of that part of the world in which it was chiefly interested. We could not afford to return to the position of 1939 when the United Kingdom had had forces of only 500,000 and there had been no really co-ordinated plan of action in a common war effort. Having regard to the very great difficulty of maintaining the British position in foreign affairs, it would be a great reassurance to him if he knew that each member of the Commonwealth had a certain force ready which at the direction of the responsible Government could in an emergency be speedily mobilised and concentrated to take the strain in a particular area.

Referring to the measures necessary to maintain the strength of the armed forces in the United Kingdom, Mr. Bevin pointed out that for the first time in her history she would have to resort to compulsory military service in peace-

time. The adolescent life of the country would be gravely affected by this measure, at a time when it was the universal desire to improve the standard of life and of education.

The Dominions could assist the United Kingdom in meeting her heavy obligations by direct or indirect means, and an overall review of the Commonwealth defence obligations seemed desirable, so that the burden could be apportioned in an equitable manner.

DR. DALTON emphasised the magnitude of the financial commitments of the United Kingdom. Sterling balances to a very large total were held by many countries, both within the Empire and outside it. India's holdings accounted for approximately half the total; Egypt's holdings were also very large. As indicated in the memorandum military expenditure during the financial year 1946-47 would amount to £1,776 million, of which £1,200 million was recurrent. There were also other heavy commitments in overseas expenditure, such as the United Kingdom contribution to U.N.R.R.A., the expenditure in foreign exchange for Germany, expenditure in Greece and for Polish refugees, the relief and rehabilitation in Far Eastern colonies which had been overrun by the Japanese, and expenditure falling on the British Exchequer for peacetime developments in the Colonies.

MR. ATTLEE made four points. First he wished to take this opportunity of acknowledging the very generous financial assistance already provided by the Dominions and especially by Canada. Secondly, he pointed out that, with the development of the United Nations Organisation, the United Kingdom would be called upon to make a contribution to the military forces to be put at the disposal of that Organisation. This would place an added burden upon this country, which would have to be met. Thirdly, he emphasised the magnitude of the military tasks in Europe which were the responsibility of British forces; those would continue for some time. Lastly, the United Kingdom was faced with the provision of forces for the protection of world-wide lines of communication; while in the past the Royal Navy had been able to carry out this task, air and ground forces were now also necessary. With the development of weapons, the quality and number of men required had increased, involving a greater strain than ever before on our resources of both man-power and finance. The future, therefore, gave cause for grave concern.

MR. MACKENZIE KING said that he had read the memorandum with great attention. He would have liked to be able to make a positive contribution to the discussion but, as he had warned United Kingdom Ministers before he came, it would be quite impossible for him to discuss in any detail questions of defence or finance. His Ministers for Defence and Finance were not with him. He would be happy to make sure that the memorandum was made known to his colleagues and carefully studied by them. The matter was indeed one which required careful study and he was not in a position to make any commitment at the present time. There were many considerations to be taken into account. Canada's own obligations were already very much greater than

they had been before the war and the United Kingdom was not alone in having liabilities for the objects specified in the paper. It had also to be remembered that any contribution made to the military forces at the disposal of the United Nations Organisation must affect the decision on the extent of the Canadian contribution in the field of specific Commonwealth obligation. He added that the United States had vast resources. Had not the time come to ask them to assume greater security responsibilities in Europe?

DR. EVATT said that he found the memorandum a most impressive document. The figures it contained were to him most significant and he could quite understand the great anxiety which Mr. Attlee and his colleagues had on account of them. As in the case of the United Kingdom and Canada, Australia's expenditure on defence was already greatly increased, but Mr. Chifley had indicated at their earlier discussions that, in future, Australia must accept a permanent obligation greater than any that she had had before the war. It was worth taking out an insurance in peace-time against finding ourselves in the future as embarrassed as we had been in 1939. It had been the general view at the previous discussion that the problem could not be solved by the old method of a direct contribution by Dominion Governments to the cost of the United Kingdom services. Such a contribution to the Royal Navy had been suggested before the war. But this would be out of harmony with the temper of opinion in the Dominions. It seemed to him that each Dominion should rather assume obligations to provide forces under its own control for the defence of its territory and region. This was, in effect, a pooling of reserves. That was, indeed, the way that matters were developing in the Pacific. He added that greater decentralisation of control necessitated improved methods of military liaison. That matter had been discussed at an earlier meeting and he regarded it as very important. It was virtually true to say that there had been no Commonwealth plan for defence in 1939. We had had to improvise and in the result very effective arrangements had been worked out. He thought it would be most unfortunate if the foundations of this organisation were not kept in being. For instance, the Air Training Scheme had been a very important factor leading to victory. He would like a framework to be retained, which could be quickly revived if need be.

Dr. Evatt thought it worth mentioning that it had seemed to him more difficult in this war than in the previous war for officers from Dominion forces to rise to the most senior commands in the Empire, as General Monash had done. This might be due only to a difference in personal qualifications but it might also indicate some deficiency in the machinery for co-ordination of effort.

He noticed in the United Kingdom memorandum a reference to the fulfilment of commitments in the Netherlands East Indies. He hoped that British soldiers would not be kept there to maintain the Dutch position against the Indonesians. Quite apart from considerations of finance, he thought that politically this would be most unfortunate.

Finally, Dr. Evatt said that he would show this impressive document to Mr. Chifley who would study it most sympathetically with the desire to help

in every way possible. Whatever could be done to lighten the burden on the United Kingdom should be done.

MR. NASH said that on the figures given it looked as though members of the Commonwealth other than the United Kingdom should bear some part of the cost at present being borne by her. But there were other factors which must also be taken into account and, as others had said, the subject required study. Dominion Governments, too, had their overseas expenditure: for instance, on the army of occupation in Japan and on contributions to U.N.R.R.A.

He suggested that it would be very useful if figures could be got out to show what was the cost in money and man-power of the defence of the whole Commonwealth. On that basis it would be possible to consider how the cost should be divided. Even if each Dominion were made responsible for the defence of its own region—and New Zealand would be willing to take their share in the Pacific—this would still leave the United Kingdom responsible for the lines of communication.

Mr. Nash feared that New Zealand's contribution could not in any event be large, compared to the very large figures of the United Kingdom. Her own expenditure for defence purposes had been in the neighbourhood of £1,000,000 before the war. It was this year of the order of £30,000,000.

FIELD-MARSHAL SMUTS said that he found the memorandum a very alarming document. At the end of the last war there was much talk of disarmament. We no longer thought disarmament possible, but it was melancholy to think that the responsibilities set out in this paper were the fruits of victory—and only the first fruits; what the future held in store no one could tell.

The members of the British Commonwealth had undertaken undefined obligations to the United Nations Organisation, but they had at least as great an obligation to the British group of nations as they had to the United Nations. If they were prepared to support the former, how much more should they be prepared to support their own group? Everything depended on maintaining strong and intact the influence of this group. In this dangerous world it was one of the great buttresses of world order. If it went, what would remain?

Field-Marshal Smuts said that he could not see what decisions could be taken at the moment in the light of this memorandum. They must take home the facts given in it and study them. Those facts would be a great shock to the people of the Dominions if they became known and would, he feared, lead to a greater sense of frustration than already existed. One thing, however, appeared to him quite clear—that the burden on one member of the group was well nigh intolerable. It was unfair to look to the British Isles, after the sacrifices made during the war, to continue to pay for the peace at the rate now indicated. The Dominions had been very proud of the record of the United Kingdom as well as of their own war efforts, but they had not perhaps thought of the burdens she bore. These matters had not been brought out, but they must now be considered very carefully.

Field-Marshal Smuts said that there were many difficulties with which Dominion statesmen had to reckon. For instance, any help given could not be in the form of "tribute." The United Kingdom would not expect that. There was in the Dominions a strong sense of nationalism. But there was also a strong national self-respect; they would realise a duty to carry part of this burden.

Field-Marshal Smuts said that the objective of every member of the Commonwealth must be the support of our group of nations as a great Power. The United Kingdom alone was no longer a great Power; it could not be so in the nature of things. Its power was now spread over the whole group and we must all adjust our view-points to this new situation. But it would require a great deal of education before people throughout the Empire would realise this fundamental change in the balance of power. Certainly the public in the Dominions, and he thought also the public in the United Kingdom, were not educated on these matters.

MR. MACKENZIE KING hoped that it would not be misunderstood if he took a somewhat reserved attitude on a paper of this importance. The question whether it would not be best to have a Commonwealth defence policy with allocation of specific liabilities was a recurrent one. Suggestions on this subject had been made as early as the Imperial Conference of 1923 and again in 1926. There had been strong Dominion opposition to the proposals, for while there were military and financial advantages in such a system, there were also political considerations which no Dominion Minister could afford to overlook. The best plan in the world was of no value if the people would not accept it.

Mr. Mackenzie King said that, in his view, the surest way to win the support of the Dominions was to trust them to accept the obligations which they believed to be natural and right. The experience of the war had proved the wisdom of this course. If there had been a highly centralised policy there might have been a very different response from the Dominions. But if every liberty was at stake, they could be trusted to respond wholeheartedly to the call.

Mr. Mackenzie King believed in the closest co-ordination and closest understanding which could be achieved, but he was not in favour of reversing the tendencies of the last 20 years.

DR. EVATT felt that none of the views expressed had been in any way inconsistent with the principles stated by Mr. Mackenzie King. He did not disagree with anything that the Prime Minister of Canada had said. There was, he thought, general agreement that there could not be a rigid plan, based on centralised methods.

DR. DALTON said that he much appreciated the response of Dominion representatives to the statement of the United Kingdom Government's obligations. He shared the view of Field-Marshal Smuts that, when the public knew the facts of the heavy burden that remained as an aftermath of the war on the

Commonwealth as a whole, they would be shocked by them. It would, he said, be of great assistance if figures comparable to those of the paper under discussion could be made available in respect of each Dominion. Not only would these be of great interest for comparisons within the Commonwealth, but they would also give the outside world an adequate picture of the position.

MR. ATTLEE agreed that this would be very useful.

FIELD-MARSHAL SMUTS also agreed that such figures would be useful. He was not for a tighter organisation but he had a profound belief in the importance of educating public opinion, and he could vouch from his own reaction to the United Kingdom figures now circulated that the facts were little known.

LORD ADDISON said that there was unanimous support among British Commonwealth Governments for the political principles enunciated by Mr. Mackenzie King. These were of the first importance. There was much slipshod thought on the subject of Commonwealth relations and it was not generally realised that the Commonwealth was an association of independent States living and working according to common ideals. As Field-Marshal Smuts said, it was important that public opinion should be educated on these matters.

726.

DEA-FAH

*Extrait du procès-verbal d'une réunion des Premiers ministres*

*Extract from Minutes of a Meeting of Prime Ministers*

TOP SECRET

May 23, 1946

NINETEENTH MEETING

\* \* \*

ARRANGEMENTS FOR CONSULTATION BETWEEN GOVERNMENTS

2. LORD ADDISON said that he would like to discover from Dominion Ministers whether they had any suggestions to make to improve the present arrangements for consultation between Commonwealth Governments. The arrangements in practice were founded on the resolutions of the Imperial Conferences of 1926 and 1930. The Conference of 1930 had summarised the main points of the system of communication and consultation in relation to foreign affairs as follows:

(1) Any of His Majesty's Governments conducting negotiations should inform the other Governments of His Majesty in case they should be interested and give them the opportunity of expressing their views if they think that their interests may be affected.

(2) Any of His Majesty's Governments on receiving such information should, if it desires to express any views, do so with reasonable promptitude.

(3) None of His Majesty's Governments can take any steps which might involve the other Governments of His Majesty in any active obligations without their definite assent.

In commenting on (1), the Conference had said:

The application of this is not confined to treaty negotiations. It cannot be doubted that the fullest possible interchange of information between His Majesty's Governments in relation to all aspects of foreign affairs is of the greatest value to all the Governments concerned.

Lord Addison said that a very large number of telegrams and despatches were now sent by the United Kingdom Government to Dominion Governments to keep them informed of developments in world affairs. In many cases the messages were confined to factual information. Others also gave the views or comments of the United Kingdom Government. In such cases the United Kingdom Government proceeded on the assumption that, if a Dominion Government wished to offer any comments of its own, it would not hesitate to do so. When no comment was made by a Government, they assumed that it did not wish to express any views on the subject.

Lord Addison said that in his opinion the system worked very well. But he would welcome their comments or suggestions for improvement of it.

MR. MACKENZIE KING said that he thought that the system worked excellently. The Dominions Office kept Dominion Governments very fully informed, and the arrangements had worked with remarkable efficiency both during and since the war. The Canadian Government agreed with the statement of principles mentioned by Lord Addison. When, on receipt of information from another Commonwealth Government, they offered no comment, neither acceptance nor rejection of the points made in the communication was implied by the absence of comment. In such a case the position was merely that the Canadian Government had been informed. He suggested that it was necessary carefully to distinguish the two processes, first, of informing and, secondly, of consulting other Governments. Consultation placed an immediate responsibility on the Government consulted. But he observed that, in the case of messages addressed by the United Kingdom Government to all four Dominion Governments, it was not the invariable practice of the Canadian Government to send a reply even when comments were invited, since it often was apparent that the subject was of concern to others of the Dominion Governments addressed rather than to the Canadian Government.

Mr. Mackenzie King considered that the system of exchange of communications between Governments, supplemented by the contacts maintained by High Commissioners, was now of great efficiency. He had been a strong advocate of the method of consultation by written messages. This enabled the Minister concerned in each country to discuss the subject with his Government colleagues. Under the present system, therefore, there was, in effect, a continuous conference of the Cabinets of the Commonwealth capable of dealing with all questions by Governmental decisions. As he had explained, he hesitated to express opinions at Commonwealth meetings such as the present, because he could not consult his colleagues. It was, moreover, valuable to have the written record of the views expressed on each

side which resulted from an exchange of messages. By this means, also, all British Commonwealth Governments could be kept informed; for where the subject of a communication was of interest to more than one Commonwealth Government, the Canadian Government usually communicated their reply to all the Governments concerned.

DR. EVATT doubted whether the summary of points made by the 1930 Imperial Conference now entirely covered the ground. He gave as an instance the development of Dominion responsibilities in international affairs. Far Eastern affairs were of vital concern to Australia, and the Australian Government wished to have immediate information of developments. As regards the general arrangements for consultation, during the war there had been occasions when under the stress of circumstances, decisions of great importance to Dominion Governments had been taken without any consultation with them, but that was not the case now. As to the principles, he considered that the proposed communiqué to be issued after the meeting summed up the position well. The alternative to the present system would be the establishment of some centralised machinery, but such a step might impose a strain on inter-governmental relations. It would lead to a very difficult situation if relations between British Commonwealth Governments became a matter of party politics in any country of the Commonwealth and he hoped that this situation would not arise. He thought that Lord Addison and his Department were to be complimented on their work; Dominion Governments were, he was sure, most grateful to them.

MR. NASH said that he endorsed the views expressed by Mr. Mackenzie King. He considered that the system worked very well in general, but he would like to make four points. First, he suggested that sometimes information might be supplied to Dominion Governments earlier. Secondly, he thought that there could usefully be an extension of the practice of repetition to other Commonwealth Governments of the messages addressed by one Dominion Government to another or to the United Kingdom Government. Thirdly, there might be scope for Dominion Governments on their side to improve their own arrangements for consultation with other Commonwealth Governments, and he referred to the negotiation of the Australia-New Zealand Agreement of 1944 as a case in point. In such cases Dominion Governments should, he suggested, see that other members of the Commonwealth were informed of the progress of events. Finally, he suggested that Dominion Governments might supply to the United Kingdom Government information received from their representatives in foreign capitals.

MR. ATTLEE said that reports of this kind received from Dominion Governments during the war had often been found most useful.

FIELD-MARSHAL SMUTS said that in his view the present system worked admirably. He did not see how it could be improved at present. Indeed Dominion Governments were kept so fully informed by the United Kingdom Government that it was sometimes difficult to absorb the information. He

distinguished between the classes of messages. Telegrams imparting information were of great value as a background for Commonwealth co-operation; these did not necessarily call for acknowledgment. Another class required a response from Dominion Governments. The South African Government endeavoured to reply promptly and dealt in complete frankness with the other members of the Commonwealth. In addition to the telegrams exchanged between Governments, each Government was in constant touch with its High Commissioner, who supplied valuable supplementary information. This representation should, he suggested, be extended between all the Governments of the Commonwealth. When they all had High Commissioners in the capitals of the other members of the Commonwealth, then he thought that the present machinery for consultation could not be further improved.

Field-Marshal Smuts said that it was recognised that, during the war, certain decisions had had to be treated with special secrecy. Certainly, since the end of the war, the fullest information had been supplied in a most efficient manner, and he expressed his gratitude to Lord Addison and the Dominions Office.

He thought that few people realised how constant and close was the contact at present maintained between Commonwealth Governments and he suggested that it would be very useful if Mr. Attlee or Lord Addison could make a public statement on the subject, possibly in connection with the discussion at that meeting.

MR. ATTLEE and LORD ADDISON said that they would certainly consider this suggestion.

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727.

CH/Vol. 2118

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

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

TELEGRAM 1221

London, May 24, 1946

SECRET. Meeting of Prime Ministers. Following from Robertson. Begins: As you will have noted there has been next to nothing in the press about current meetings of Prime Ministers until the release last night of the final communiqué.

It was suggested by Attlee that in view of highly confidential nature of discussions when Bevin was present, only a brief statement be issued to the effect that such a discussion had taken place. Bevin indicated that he did not want a statement which suggested that agreed decisions had been reached

on policy, because this made it difficult for him to explain to the other Foreign Ministers that he was speaking only for the United Kingdom. The Prime Minister said that from the Canadian point of view it was equally desirable that the nature of consultation be made clear. He explained the embarrassment he had been caused by the misrepresentation of the nature of the meetings in the British press. Attlee expressed agreement. He said that they found it very difficult to control these speculations in the press. He and Addison emphasised their disagreement with those who constantly put forward schemes for imperial organisation.

The press has not been very happy about the paucity of information. Francis Williams reports that he had persuaded *The Times* not to publish an editorial comparing unfavourably the information given to the press at the Council of Foreign Ministers in Paris with the complete silence when the heads of democratic countries meet in London.

728.

PCO/U-10-11

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

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

TELEGRAM 1228

London, May 25, 1946

TOP SECRET. Following from Robertson, Begins: Prime Ministers' meetings.

At concluding meeting, Lord Addison raised question of arrangements for consultation among Commonwealth Governments. He thought existing system worked well, but would welcome comments or suggestions for improvement.

2. Recalling resolutions of Conference of 1930 regarding expressions of views, he said that of very large number of telegrams now sent from London to the four Governments, many were confined to factual information. Others also gave views or comments of United Kingdom Government. Latter provided on assumption that if a Dominion Government wished to offer any comments of its own, it would not hesitate to do so. In absence of comment, United Kingdom Government assumed the Dominion did not wish to express any views on the subject.

3. Prime Minister said Canadian Government agreed with principles mentioned by Addison. The arrangements made by Dominions Office had worked with remarkable efficiency during and since the war. Absence of comment on receipt of information from another Commonwealth Government implied neither acceptance nor rejection. Position merely was that Canadian Government had been informed.

4. Prime Minister suggested necessity of distinguishing two processes (a) informing, (b) consulting, other Governments. Consultation placed an immediate responsibility but it was not invariable practice to send a reply even when comments were invited, especially where it was apparent subject was of concern to Governments other than Canada.

5. Prime Minister also stressed usefulness of written communications as enabling Minister concerned in each country to discuss subjects with his Cabinet colleagues. In effect, there was at present a continuous conference of Cabinets of the Commonwealth capable of giving Governmental decisions. This explained his hesitation to express opinions at present meetings because he could not consult his colleagues. Exchange of messages (which were frequently repeated to all Governments concerned) were useful as a continuous record.

6. Evatt cited occasions during war when decisions of great importance to Dominion Governments had been taken without any consultation, though this was not the case now. Alternative to present system would be establishment of some centralized machinery, which might impose strain on inter-Governmental relations, situation which he hoped would not arise.

7. Nash, endorsing the Prime Minister's views, suggested earlier information, more consistent repetition of telegrams among all Commonwealth Governments and also transmission of information received from Dominion representatives in foreign capitals.

8. Smuts alluded to rounding out of exchanges by High Commissioners as final level of effective consultation. He suggested usefulness of Attlee or Addison making public statement on close and constant character of present arrangements because the public did not seem to understand what an efficient system obtained at present.

9. From our point of view, this discussion was highly satisfactory. Representatives of all Governments, including the United Kingdom, made perfectly clear their satisfaction with present methods and their opposition to the establishment of centralized machinery. This attitude was spelled out in the final communiqué, the text of which you have no doubt seen in the papers.

10. Evatt issued his own private communiqué along the same lines, a somewhat egregious step which should, nevertheless, be of educational value to those who persist in believing that Australia strongly favours an "Empire Council" but that Canada vetoes the project. Evatt has gone out of his way to praise the policy of the Attlee Government on the subject of Commonwealth consultation. His purpose, I think, is largely in order to spike the guns of the Tories whose defence of Australia's right to be consulted over Egypt he did not welcome. On several occasions during the meetings, he has expressed his displeasure at the treatment of Commonwealth consultation as a political issue in the United Kingdom. Ends.

729.

L.B./Vol. 3

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

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

DESPATCH A.439

London, June 3, 1946

CONFIDENTIAL

Sir,

I have the honour to review the meeting of Prime Ministers and other Ministers of the British Commonwealth which took place in London between 23rd April and 23rd May.

2. There were a total of nineteen meetings, which might be divided into three series:

(i) Meetings 1 to 5, from 23rd April to 26th April, attended by the Prime Minister and other United Kingdom Ministers, the Prime Minister and Minister for External Affairs of Australia, and the Deputy Prime Minister of New Zealand. The Agenda was as follows:

- (a) Review of foreign policy,
- (b) Regional organisation in the South-West Pacific,
- (c) Strategic position in the British Commonwealth,
- (d) Military bases in the Pacific,
- (e) Egypt,
- (f) Organisation of Commonwealth defence,
- (g) Responsibilities for Commonwealth defence.

(ii) Meetings 6 to 14, from 28th April to 8th May, attended by the Prime Minister and other United Kingdom Ministers, the Prime Minister of Australia (until 11th May), the Minister of External Affairs of Australia, the Deputy Prime Minister of New Zealand, and the Prime Minister of South Africa. The Agenda was as follows:

- (a) Council of Foreign Ministers,
- (b) Disposal of Italian colonies,
- (c) Revision of the Anglo-Egyptian Treaty,
- (d) Trusteeship,
- (e) Palestine,
- (f) Policy towards Germany,
- (g) Disposal of the Polish Armed Forces,
- (h) Military bases in the Pacific,
- (i) Atomic energy,
- (j) Regional organisation in South-West Asia and the South Seas,
- (k) Procedure in the peace settlement,
- (l) India,
- (m) Draft peace treaty with Italy.

(iii) Meetings 15 to 19, from 20th May to 23rd May, attended by the Prime Minister and other United Kingdom Ministers, the Prime Minister of Canada, the Minister of External Affairs of Australia, the Deputy Prime Minister of New Zealand, and the Prime Minister of South Africa. The Agenda was as follows:

- (a) Council of Foreign Ministers, (Draft peace treaties with Italy and the Balkan countries),
- (b) Policy towards Germany,
- (c) Nationality of married women,
- (d) South-West Africa,
- (e) Atomic energy,
- (f) United Kingdom defence obligations,
- (g) Commercial policy,
- (h) Arrangements for consultation between governments.

3. The effort to arrange the meetings ran into numerous obstacles from the first, and the fact that they came off without any serious dislocation of Commonwealth relations, and with at least some advantages in improved understanding is in itself an achievement. This achievement is due, I think, to the atmosphere of mutual goodwill. The time-table went seriously astray at a number of points—primarily because of developments beyond the control of any of the Governments concerned. All the overseas representatives had counted on attending the meetings in Paris to settle the peace treaties with Italy and the satellite states. Mr. Nash had counted as well on attending the Commonwealth talks on commercial policy proposed for June. In view of his double cause for disappointment it is not surprising that his dissatisfaction was expressed somewhat more vigorously than that of the other representatives. It must be admitted, however, that some of the confusion was due to the in-expert handling of the preliminaries by the United Kingdom Government. The absence of a strong hand in the Dominions Office was notable. Some misunderstanding was probably caused also by the anxiety of the United Kingdom Government to represent these meetings as something more in the nature of a formal conference than was in fact the case. On occasions they succumbed to constant pressure from the Opposition which was tending to blame the Government for not producing a full-dress Imperial Conference.

4. It should be noted that the Government at no time sought to blame other Commonwealth Governments for the difficulties over time-table, and made an effort to explain in particular the validity of the reasons which kept the Canadian Prime Minister in Ottawa. On this subject there was little recrimination in the press, in spite of frequent expressions of disappointment. A few papers such as *The Economist* and *The Sunday Times* suggested that Mr. King was remaining at Ottawa in order to avoid Commonwealth commitments, but this view was never developed extensively. In some cases it was suggested that the Canadian Prime Minister was showing a quite understandable disinclination to be involved in an "Imperial Conference", and that if he felt this way that was his own concern and not a matter on which he should be criticized. There was, perhaps, insufficient appreciation of the fact that the failure to arrive at

mutually agreeable dates was quite as much Mr. Chifley's responsibility as Mr. King's, in that he had an immovable deadline for the conclusion of his visit which was as much a handicap as Mr. King's inability to leave Ottawa before a certain date.

5. In some respects the holding of bi-lateral or tri-lateral conversations has advantages. There are subjects which are of concern only to two or three members of the Commonwealth, in particular matters pertaining to the South-West Pacific, on which progress can be made more rapidly in meetings of the interested parties. Certain difficulties and some misunderstandings did arise during the first series of meetings because of the problem of keeping the representatives of the other Commonwealth countries informed. It was not suggested that during the first series of meetings the High Commissioners from the countries not represented by their Ministers might attend either as participants or observers, although the United Kingdom Government would, I think, have been prepared to accept such a suggestion coming from the countries concerned. The High Commissioner for South Africa was unhappy about the failure to keep him posted at the first series of meetings, and after his intervention with Lord Addison copies of the documents were placed at his disposal. At the conclusion of the first week's meetings the suggestion was made informally by the Dominions Office that a member of my staff might go through the papers and minutes if we so wished. Henceforward Mr. Holmes made regular visits to the Cabinet Offices in order to see the papers and prepare the reports† which were sent to you by telegram. At the same time I kept in touch with the Under-Secretary of State at the Dominions Office concerning general matters of policy.

6. The following were from our point of view the principal subjects discussed. I do not propose to summarise the discussions on these subjects, but only to mention those aspects which concern Commonwealth relations.

#### (1) COMMONWEALTH DEFENCE

7. Although the subject of Commonwealth defence was not originally emphasized by the United Kingdom Government as one of the principal subjects of discussion, it was a matter which, as I reported to you earlier, occupied a good deal of attention in press speculations. There was, I think, some difference of opinion within the United Kingdom Government on this subject. The Chiefs of Staff were undoubtedly anxious to sound out the Commonwealth representatives on proposals which they had prepared. I have good reason to believe that some of the earlier press speculation on this subject emanated from the War Office. The Dominions Office and Mr. Attlee had a better appreciation of the political aspects of the subject, and sought to play down any suggestion that the Commonwealth representatives were to be presented with a cut and dried scheme for integration of the defence of the Empire. It should be remembered, of course, that although defence was not a subject which the Canadian Government wished to discuss, and which the Prime Minister made plain he was not prepared to discuss, nevertheless other Common-

wealth Governments were anxious to cover at least certain aspects of the subject. For this reason most of the discussion on the subject took place during the first and second series of meetings, and the matter was broached only indirectly during the period of Canadian participation. In all, there were five memoranda presented by the United Kingdom on the subject (not including the specialised subject of military bases in the Pacific), and certain specialised papers by Australia, New Zealand and South Africa. The Chiefs of Staff submitted papers on the strategic position of the British Commonwealth and on the responsibility for Commonwealth defence. The Secretary of State for Dominion Affairs submitted a memorandum on the organisation for Commonwealth defence, and in the light of discussions on this paper a subsequent memorandum was presented by the Chiefs of Staff.

8. This is not the place to outline in detail the proposals made. It might be well to note, however, that although the proposals as they stand may not be acceptable to the Canadian Government, they do incorporate certain significant developments which distinguish them from proposals which have been made in the past. In the first place they recognise the fact that no centralised Imperial body for the direction of Commonwealth defence is practicable, and that any arrangements must make it possible for members of the Commonwealth to conclude their own arrangements with foreign countries—in particular with the United States. It is specifically recognised that in any future war the Commonwealth would have to rely on the active assistance of the United States, and that any Commonwealth defence system must therefore include machinery for co-operation with the United States. The memoranda go a long way also toward recognising the fact that Commonwealth defence can be organised only on a regional basis, and that the contribution of the member countries can best be made in their own respective regions. The papers do not recommend an Imperial Planning Staff in London, but simply the exchange of Military Missions between members of the Commonwealth in order that as much co-ordination as possible might be achieved. It is emphasized that the model for this type of co-ordination is the Combined Chiefs of Staff in Washington, and that there would be no question of the Staff Missions being in a position to commit their Governments. The Chiefs of Staff paper went a great deal further in recommending the dispersal of industries and manpower than the Government in this country is prepared to go. The Australians naturally seized with some delight upon the suggestion that United Kingdom Industry might be transferred to Australia, and it was necessary for Lord Addison to explain that the Chiefs of Staff were speaking for themselves only, and that there were serious economic and political considerations which the Government would have to consider before arriving at any such conclusion. Arrangement for defence liaison was the one subject on which the United Kingdom Prime Minister indicated that he would be glad to reach some kind of agreement with the Commonwealth representatives while they were in London. This none of them was prepared to do. Mr. Nash showed more sympathy than

the other representatives. New Zealand and Australia are obviously interested in improving the co-ordination of their defence arrangements with the United Kingdom, although at the moment Australia seems more interested in emphasizing her right to direct imperial defence east of Suez. Field-Marshal Smuts, although probably personally sympathetic, made it clear that he would have to be very hesitant about going so far even as to exchange Service Missions.

9. During the concluding series of discussions a paper was presented outlining the serious position in which the United Kingdom finds itself because of its defence commitments abroad. Overseas obligations of the United Kingdom, even after settlement of immediate post-war expenditures, will be £250,000,000; the total annual military expenditure over £1,000,000,000. Compulsory military service for two years will be necessary, and over a million men will be required in the forces at the end of 1947. This drain on finance and manpower will seriously affect the ability of the country to rehabilitate its economy and develop its overseas trade. It was not suggested that the other countries of the Commonwealth should contribute to a common pool, but it was hoped that they might accept defined regional obligations which would reduce to some extent the obligations of the United Kingdom. The representatives of Australia, New Zealand and South Africa expressed surprise and concern over this situation. They said that they would bring the matter to the attention of their Governments, although they were not in a position to promise any action.

#### (II) CONSULTATION AND CO-OPERATION.

10. Although the machinery of Commonwealth consultation and co-operation was the subject of considerable interest in the press, only a short time at the concluding meeting was actually devoted to the subject by the Commonwealth Ministers. The reason was the remarkable degree of agreement among the representatives of the Commonwealth. The final communiqué, a copy of which is attached,† made it perfectly clear that members of the Commonwealth consider the flexible methods now practised to be preferable to any centralised machinery which it was believed would not facilitate, but might even hamper, the effective co-operation which is the essential characteristic of the British Commonwealth.

11. It should be emphasized that this expression of opinion did not represent simply the triumph of the Canadian point of view against opposition. The United Kingdom and other Commonwealth representatives made their satisfaction with the present system emphatically evident. Field-Marshal Smuts expressed the hope that something might be done in order to inform the public as to the efficiency of present methods in order to forestall the agitation which is constantly taking place for new machinery. Mr. Attlee and Lord Addison expressed their entire lack of sympathy with those who were constantly wishing to re-organise the Commonwealth. In his own personal com-

muniqué Dr. Evatt underlined his support of the general view, thereby contributing to the education of those who continue to believe that Australia is devoted to the conception of a Commonwealth Council and that only Canada stands in the way of such a development. I am enclosing a copy of Dr. Evatt's communiqué. †

12. The whole question of Commonwealth consultation was, of course, dramatized during the course of the meetings by the controversy in this country as to whether the countries of the Commonwealth had been adequately consulted over the decision to withdraw forces from Egypt. As this controversy was to some extent outside the meetings themselves, I propose to deal with it in a separate despatch. † It might be noted, however, that during the course of the controversy two interesting statements were made by Mr. Attlee and one by Dr. Evatt on the machinery of consultation. In both cases the core of the argument was the view which has always been urged by the Canadian Government: that although one nation of the Commonwealth may inform the others concerning its policy, and listen to their opinions, that nation must have the right to decide for itself on its own responsibility what action it wishes to take. Dr. Evatt went somewhat further and defined various situations in connection with matters which were of direct concern to more than one member of the Commonwealth. A copy of his broadcast † in which this definition occurs is attached, along with a copy of Mr. Attlee's statement. †

13. Of course the argument over machinery dies hard in certain quarters. The perennial advocates, Mr. Lionel Curtis, Mr. H. V. Hodson, who is now editor of the *Sunday Times*, and Lord Beaverbrook express their disappointment. It is worthy of note, however, that the Labour Government has now committed itself publicly against centralised machinery. What is perhaps more important is that the controversy over the Egyptian issue has strengthened opinion in the Labour Party on this subject. *The Daily Herald*, which is perhaps representative of the bulk of Labour opinion in that it rarely expressed much interest one way or the other about Commonwealth relations, has taken up the cudgels against centralisation because it conceives of the arguments for better methods of consultation as being simply a "Tory imperialist" ramp to embarrass the Government. This may not be very sound reasoning, but its effect on Government policy would not be unwelcome. On the other hand, it would be unfair to suggest that the Conservative Party as such is going to campaign for new machinery. Mr. Eden accepted Mr. Attlee's definition of the principles of consultation. Whatever some of his back-benchers might say, he and Lord Cranborne, the Conservative leader in the House of Lords, can be counted on to prevent this matter from becoming a Party issue.

### (III) FOREIGN POLICY.

14. In paragraph 7 of my despatch No. A.281 of 8th April I expressed the opinion that the argument over a common foreign policy had been

settled. The meetings now concluded will, I think, reinforce this opinion. It follows from the views of the United Kingdom Government on consultation that they likewise subscribe to our views on the impracticability of a "common foreign policy".

15. Perhaps the most valuable part of the meetings just concluded was the review by Mr. Bevin of developments in Paris at the Council of Foreign Ministers, as well as his outline of British policy towards Germany. Mr. Bevin explained United Kingdom policy, and in the case of Germany put before the meetings alternative courses which the United Kingdom had in mind. He did not suggest at any time that he expected the Ministers assembled to vote on these matters or to express the considered views of their Governments. At one point, after he had reported on the Paris meeting, he expressed the wish that a statement to the press on what had taken place be very carefully worded so as not to suggest that the representatives of the Commonwealth had met to agree on policy. He said that such misunderstanding would embarrass him at meetings with the Foreign Ministers, where he had to make it clear that he was speaking for the United Kingdom alone. There is no doubt that Mr. Bevin would like to feel, in his discussions with other Great Powers, that he is expressing opinions which are generally in line with those held by other Commonwealth Governments, and as a result of these meetings he will have a right to feel that, at least with regard to the Peace Treaties and with regard to Germany, United Kingdom policy is generally in line with what the other Commonwealth countries think to be wise. It is only natural that Mr. Bevin will not want to take action which would be unlikely to find favour among those whom he would hope to be his allies. It is for the same reason that he follows the consistent policy of consulting with the United States in order to make sure that he is not far out of line with American wishes.

#### (IV) PROBLEMS OF THE SOUTH-WEST PACIFIC.

16. In certain special cases specific agreements were reached at the Prime Ministers' Meetings which did not, however, affect the general character of the meetings. The instances were connected with the United States request for the use of bases in the Pacific, and proposals for an Economic and Welfare Organisation in the South Pacific. In both cases these matters had been the subject of continued discussion and negotiation between the United Kingdom, Australian and New Zealand Governments, and it was the wish of the Governments concerned to make use of this opportunity to reach certain agreed conclusions.

#### (V) NATIONALITY OF MARRIED WOMEN.

17. The question of the nationality of married women was raised at the request of Field Marshal Smuts because of the agitation on this subject by women in the Union. It was quickly realised that this was a subject for discussion among experts. Accordingly, it was arranged that this matter would

be considered by officials of the various countries who were meeting after the conclusion of the Prime Ministers meetings to consider the questions of British nationality consequent upon the passing of the new Canadian citizenship Act.

(VI) COMMERCIAL POLICY.

18. On no aspect of the recent meetings was there wider confusion in the press than on the subject of commercial policy, primarily because it suited the wishes of the Beaverbrook press, and even of certain more respectable organs, to create the impression that the Commonwealth Ministers were meeting to strengthen their devotion to the principles of Imperial Preference. The view of the Canadian Government that questions of Imperial Preference are at this point proper subjects for discussion only among experts, was shared by the United Kingdom Government and to some extent at least by the South African and Australian Governments. Mr. Nash, however, who is his Government's expert on these matters, was disappointed that the proposed Commonwealth discussions on commercial policy were not to take place in June as previously arranged, and he pressed for some discussion during the meetings of Prime Ministers. Field Marshal Smuts was also responsible for raising the issue, as he wished to know what in general was the policy of the Commonwealth Governments. It was made clear in the discussions that all Commonwealth Governments are agreed that Imperial Preferences might have to be reduced or removed in the interests of wider international trade, but that they would be surrendered only in exchange for appropriate tariff concessions on the part of the United States and other countries. Discussion of commercial policy occupied only part of the time at the concluding meeting.

19. In conclusion a word should be said about the press treatment of these meetings. This was the most unsatisfactory aspect of the whole affair, and one to which it would be wise to give consideration before any future meetings take place. Both before and during the Prime Ministers meetings the articles appearing in most of the United Kingdom press were ill-informed and misleading. For this situation the United Kingdom Government can be held responsible, I think, in a negative, rather than a positive, way. When complaints were made to the Dominions Office, or when a complaint was made by the Prime Minister during his first meeting in London, the reply was that the press was free, that much of it was opinionated, and that there was little that could be done about what was admittedly deplorable.

20. It is perfectly true that a good deal of the press exploited the meetings in accordance with their own views on Commonwealth policy. *The Daily Express* and *The Daily Mail* as usual made little attempt to report the facts with any degree of accuracy. Their most outrageous exploit was to announce, on the eve of the first series of meetings, that Mr. Walter Nash had proposed the establishment of an Imperial "Super Cabinet", a suggestion which was vehemently repudiated by Mr. Nash. What was more unfortunate was that the

two very influential Sunday papers continued to publish what sounded like authoritative reports of plans for close Imperial defence, Imperial Councils, and radical changes in general, which were said to be under consideration. It so happens that the editorial policy of the *Sunday Times* in this respect is now largely directed by Mr. H. V. Hodson, and that of the *Observer* by Mr. David Astor, both of whom have strong views of the neo-Milnerian school. Lord Kemsley's papers likewise reflected the strong Empire-mindedness of Lord Kemsley, although it must be said that *The Daily Telegraph* preserved its higher standard of integrity in reporting the meetings. Even *The Times*, which customarily rejects the centralist theory, at least in its extreme form, allowed itself to be deluded by the talk of plans for Imperial defence.

21. This unfortunate reporting is deplorable because I realise that it created impressions in Canada which were a source of embarrassment to the Government. At the same time there are, I think, certain features of the present situation with regard to the United Kingdom press which should be borne in mind. In the first place it should not be forgotten that the press of this country is by no means as representative of Government opinion as it was a year ago. There is only one daily paper in the United Kingdom—*The Daily Herald*—which might be considered to reflect Government opinion, and the *Herald* was at no time guilty of the misdemeanours described above. Although it is true that *The Times* and *The News Chronicle*, and particularly their Diplomatic Correspondents, are frequently "inspired", one must always be careful in concluding that they are speaking for the Government. This is a very different situation from that which existed when there was a Conservative or Coalition Government, and the editors of most of the great papers were in close and sympathetic communication with members of the Government. It should also be remembered that the excessive pre-occupation of organs of the press with Commonwealth defence and machinery represents the pre-occupation of that small group in this country which is interested in the subject. The vast majority are not greatly interested in the Commonwealth except generally to think that it is a good thing and worth preserving.

22. A principal complaint which might be laid against the Government was that it did not give adequate guidance. Mr. Francis Williams, adviser on Public Relations, attended the meetings of Prime Ministers and held press conferences. The Dominions Office tended to blame Mr. Williams for some of the misunderstandings on the grounds that he was not sufficiently well acquainted with the issues to define them clearly. On the other hand, he is a man well disposed to our particular point of view, which he made a considerable effort at times to expound. His handling of press conferences was the subject of commendation by Canadian press correspondents in London, including Mr. B. T. Richardson, of the *Winnipeg Free Press*, who I think you will agree is well informed on the general Canadian attitude. Mr. Williams' position was not made too easy during the third series of meetings because of the decision to tell the press nothing except that discussions had taken place. It was unfortunate that although this decision was taken on the recommendation of Mr.

Bevin and Mr. Attlee because of the very confidential nature of the matters discussed, there was some tendency on the part of the press to assume that it was a change of policy connected with the arrival of the Canadian Prime Minister.

23. It should, I think, be kept in mind that if the press is not given adequate information on these meetings it will be driven to invention. While some of the errors in the press were due to deliberate policy, or were the result of prejudices, some of them were due to carelessness or ignorance. It is important that Commonwealth matters should be better understood, and this can be done, I think, if not only the United Kingdom authorities, but also the Canadian authorities, are willing to go out of their way to provide information and positive guidance.

24. I am sending copies of this despatch to Dublin, Canberra, Cape Town, Wellington, Paris, Moscow, Brussels, Athens, The Hague, Oslo, and Berlin.

I have etc.

FREDERIC HUDD

## SECTION B

### COMMUNICATIONS

730.

DEA/8085-40

*Mémoire du secrétaire, le Comité interministériel sur  
la politique des télécommunications, au Cabinet*

*Memorandum from Secretary, Interdepartmental Committee on  
Telecommunications Policy, to Cabinet*

CONFIDENTIAL

[Ottawa,] January 24, 1946

COMMONWEALTH TELECOMMUNICATIONS CONFERENCE, 1945;  
FINANCIAL ARRANGEMENTS

1. The Commonwealth Telecommunications Conference, held in London last summer unanimously recommended

(a) the public ownership of telecommunications services of all the Commonwealth governments;

(b) replacement of the Commonwealth Communications Council by a new body with wider functions representing all the governments of the Commonwealth; and

(c) financial arrangements involving a commitment by Commonwealth governments for the maintenance and use of the cable system.

2. The Cabinet, at their meetings of October 17th, 1945, considered the Conference report and on the recommendation of the Interdepartmental Committee on Telecommunications Policy, reaffirmed their willingness to nationalize external telecommunications services and agreed to subscribe to interim working arrangements for the transition period immediately ahead. They also deferred consideration of the financial aspects of the proposals until the results of the United States-Commonwealth talks at Bermuda were known.

3. The Agreement which emerged from the Bermuda Telecommunications Conference is forming the subject of a separate memorandum to the Cabinet. It may be said, however, that the outstanding differences between United States and Commonwealth interests were settled on a mutually satisfactory basis and if, as is to be expected, the Agreement is accepted by the various governments represented at the Conference, a substantial measure of co-operation between the two systems may be anticipated.

4. Prior to the Bermuda Conference all Commonwealth governments, except the Canadian, had accepted in full the recommendations of the London Conference and the removal of major uncertainties as to the future Commonwealth organization contributed materially to the successful outcome of the Bermuda talks. The only reservation made by Canada with regard to the reorganization plans had to do with the proposed financial arrangements. In the view of the Committee, government policy on this aspect should now be clarified so that the Canadian position may be made known to the other partner governments before proceeding to nationalization. A further question which might be clarified at the same time is the timing of the nationalization process in Canada.

5. Briefly, the financial arrangements recommended by the London Conference involve joint responsibility by all partner governments for the maintenance of the Commonwealth Telecommunications Board and the cable network. No charge would be made initially by the United Kingdom corporation to the various Commonwealth corporations for the use of the cable system. Instead the Commonwealth corporations would contribute their annual net revenues to a central fund from which would be met:

(a) the current annual expenses of the Board (the creation of which has already been accepted by Canada); and

(b) any deficiency in the net revenues derived from the external telecommunications of the United Kingdom up to an amount not exceeding the cost of cable maintenance and provision for renewals for the year.

6. While the Canadian corporation would contribute the full amount of its net revenues to the central fund in the first instance, the net cost of cable maintenance and renewals would be shared by the various corporations (excluding the United Kingdom) in proportion to the volume of originating traffic in each country. If revenues contributed by Canada exceeded her share of the expenses for the purposes described above the balance would be rebated,—thus preserving a very necessary incentive towards efficiency. It is

anticipated that revenues would be more than sufficient to cover expenses but further recommendations will be made by the Commonwealth Board if a deficit should appear likely when the scheme goes into operation.

7. No useful estimate can be made at the present time of the net cost to Canada of participation in this scheme as available figures on past operations are quite unsatisfactory for this purpose. It should be borne in mind, however, that if Canada were not a participant in the central fund, charges would be made by the owners of the cables in respect of messages originating in Canada and transmitted over them. The Committee is satisfied that Canada will not be called upon to pay a disproportionate share of the net cost of maintaining the cable system, having in mind particularly the offer of the United Kingdom to pool its net revenue derived from telegraph and telephone services to Europe which amounted in 1939 to £400,000. Moreover, Canada through its representation on the Commonwealth Telecommunications Board, will naturally have every opportunity to scrutinize details of the scheme before they are put into operation.

8. The Canadian delegates to the London Conference proposed an alternative which would have limited Canada's commitment to the maintenance of cables terminating in Canada but after full discussion they were satisfied that this proposal was essentially unworkable if the flexibility, which is an important feature of the present system, is to be retained. They believe that the present proposals are at once fair and simple, have much the same effect from a financial point of view, and offer the most practical solution to the problem.

9. Nationalization of Canadian external telecommunications facilities involves acquisition of such facilities of the Canadian Marconi Company, a majority of the shares of which are owned by Cable and Wireless Limited of the United Kingdom. The United Kingdom government is now negotiating to acquire the parent company in the course of which there will be an opportunity to discuss the transfer of the Marconi shares to the Canadian government. In the light of these facts and the satisfactory relationships existing between the Canadian government and Canadian Marconi, there does not appear to be any necessity for immediate action by the Canadian government.

10. The Interdepartmental Committee on Telecommunications Policy accordingly recommends

(a) that the general financial arrangements proposed in the London report be approved in principle subject to further examination as to details by the Department of Finance; and

(b) that any action to nationalize external telecommunication services in Canada be delayed pending the outcome of negotiations in the United Kingdom.

EVAN W. T. GILL

731.

DEA/8085-40

*Mémorandum du secrétaire, le Comité interministériel sur  
la politique des télécommunications, au Cabinet*

*Memorandum from Secretary, Interdepartmental Committee on  
Telecommunications Policy, to Cabinet*

[Ottawa,] January 24, 1946

UNITED STATES-COMMONWEALTH TELECOMMUNICATIONS  
CONFERENCE 1945—AGREEMENT

1. The Cabinet, at their meeting of November 7th, 1945, instructed the Canadian delegation to the Bermuda Conference along the following lines:

(a) *On rates questions*

(i) that Canada's interest is in the attainment of a low world flat rate and that in order to further this objective, the Canadian government is prepared to agree to the narrowing and possible elimination of the Empire preference and simplification of the rate structure generally;

(ii) that the adoption by the United States and Commonwealth of a uniform press rate be supported, as a step towards a world rate, with provision by which newspaper organizations could, if they so wished, lease private wires or private time for their own purposes; and

(iii) that the adoption of a system of charging and accounting on the dollar sterling basis be supported.

(b) *On the direct wireless circuits between the United States and Commonwealth points*

(i) that, except in the cases of overriding political necessity, direct wireless circuits should be justified on a basis of terminal traffic and service needs and that the routing of transit traffic over such circuits should be resisted as far as possible.

2. A copy of the Agreement signed by the various delegations at the closing session of the Conference is appended hereto† and the following comments are submitted on matters directly affecting Canadian interests:

(a) general agreement was reached on a ceiling rate between the United States and British Commonwealth areas of 30¢ (U.S.) per word for ordinary messages and 20¢ (U.S.) per word for code, on the understanding that these arrangements should not involve any increase in existing rates;

(b) a ceiling of 6½¢ (U.S.) for press traffic between the United States and the countries of the British Commonwealth was agreed on the understanding that this would involve no increase in existing rates—the existing penny press rate within the British Commonwealth is to be retained and may be extended by agreement to press traffic between the countries of the British Commonwealth and any other country;

(c) no agreement was reached on the question of reducing the categories of telegrams or on the abolition of reduced rates for government messages (as

a consequence the Canadian government will continue to enjoy the special half-rate now in effect);

(d) a general formula was accepted to govern the establishment or retention of direct wireless circuits based upon the volume of traffic and efficiency of service. Within the terms of this formula, agreement was reached as to which circuits, old or new, should be permitted. Furthermore, a general formula was accepted for controlling the type of traffic to be handled by direct wireless circuits so that the unrestricted use of these circuits would not seriously affect the cable system of the Commonwealth; and

(e) the duplex dollar (U.S.)-sterling basis for the tariffs and the settlement of accounts between the United States and the countries of the British Commonwealth was adopted in place of the gold franc system which has proved unsatisfactory in present conditions. Provision was also made for any necessary adjustments in the new system should the international monetary fund provided for in the Bretton Woods Agreement be established.

3. The agreement reached on "Exclusive Arrangements" is of sole concern to the United Kingdom and United States and no observations on this are required. It is of interest to note, however, that the Conference recorded their recognition of the important part played by cables in an integrated telecommunications network. The relevant section of the Agreement states:

. . .in view of the important strategic role which cables as well as radio play in a co-ordinated telecommunications system, research and development work in both cable and radio communication shall be fostered and promoted.

and

. . .inasmuch as the trans-Atlantic cables form an integral part of a world telecommunication system, uniform procedures and techniques shall be adopted in their operation.

4. This agreement has been examined by the Interdepartmental Committee on Telecommunications Policy with respect to its terms and by the Legal Adviser of the Department of External Affairs with respect to the means of implementation. The terms of the Agreement are of primary importance to Canada in that they offer a satisfactory solution of the outstanding telecommunications problems between the United Kingdom and the United States which threatened to compromise the relations between these two countries. On the other hand, Canada does not stand to benefit greatly from the new rate structure since we are in the fortunate position that some 90% of our external traffic is already carried at rates below the proposed ceiling. A lower rate will, however, be effective on traffic to the British West Indies.

5. The Interdepartmental Committee on Telecommunications Policy accordingly recommend that the Agreement be approved by the Canadian government and that a formal statement to this effect be signed by the Secretary of State for External Affairs and be transmitted to the United Kingdom government.<sup>1</sup>

EVAN W. T. GILL

<sup>1</sup> Voir Canada, *Recueil des traités*, 1950, N° 2.

<sup>1</sup> See Canada, *Treaty Series*, 1950, No. 2.

732.

DEA/6231-40

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] January 30, 1946

REQUEST BY UNITED KINGDOM GOVERNMENT FOR THE CO-OPERATION OF  
CANADA IN FINANCING THE MAINTENANCE OF THE COMMONWEALTH  
COMMUNICATIONS COUNCIL

In Dominions Office telegram Circular D. 103 of January 28,† of which a copy is attached, the United Kingdom Government asked for our agreement in the various Commonwealth Governments financing from April 1, 1946, the upkeep of the Commonwealth Communications Council. This body and its predecessor were previously financed by Cable and Wireless Limited, but, in view of that company's impending nationalization, both the Company and the United Kingdom Government think it desirable that its maintenance from April 1, 1946 should be made from Government funds.

The United Kingdom Government estimates that the upkeep for 1946-1947 would be £30,000 of which it is prepared to contribute 70%. It suggests that the remaining 30% should be shared equally by Canada, Australia, New Zealand, South Africa, India, and Southern Rhodesia. This would involve for Canada an expenditure of £1,500.

In view of the fact that we agreed at the meeting of the Commonwealth Communications Council last July to support the proposed Commonwealth Telecommunications Board, which will eventually supersede the Commonwealth Communications Council, it appears reasonable that we should comply with this request. The Department of Transport has been consulted and approves of this recommendation. Since the Department of External Affairs usually includes in its estimates appropriations for Canadian contributions to Commonwealth and International Bodies, I think that the appropriation should be charged to this Department's estimates.

May we have your approval of this proposal in order that a reply may be prepared as soon as possible to this telegram, to which the United Kingdom Government asks an urgent answer.<sup>1</sup>

N. A. R[OBERTSON]

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal Note:

733.

DEA/8085-40

*Le secrétaire du Cabinet au sous-secrétaire d'État aux Affaires extérieures*  
*Secretary to the Cabinet to Under-Secretary of State for External Affairs*

Ottawa, February 7, 1946

Dear Mr. Robertson,<sup>1</sup>

The Cabinet, at their meeting of February 5th, considered and approved the recommendations of the Interdepartmental Committee on Telecommunications Policy as contained in their memorandum of January 24th, 1946, that the Bermuda Telecommunications Agreement be approved by the Canadian government and that a formal statement to this effect be signed by the Secretary of State for External Affairs and transmitted to the United Kingdom government.

Yours sincerely,

EVAN W. T. GILL

for the Secretary to the Cabinet

734.

DEA/7767-40

*Le sous-secrétaire d'État aux Affaires extérieures*  
*au haut commissaire en Grande-Bretagne*  
*Under-Secretary of State for External Affairs*  
*to High Commissioner in Great Britain*

SECRET

Ottawa, March 4, 1946

Dear Mr. Massey,

I wish to refer to the policy taken by the Canadian Government in implementing the decisions made at the Commonwealth Telecommunications Conference in July 1945, at which you were the Chairman of the Canadian delegation.

As you may recall, on the 20th of October last we informed the United Kingdom that the Canadian Government decided:

1. To re-affirm their willingness to nationalize external telecommunications facilities and to accept the principle of a change to public ownership of telecommunications facilities.
2. To subscribe to the supplementary agreement between the partner governments as set out in the Annex to the Report to cover the interim period before the full scheme can go into effect.

<sup>1</sup>M. Robertson était alors le président du Comité interministériel sur la politique des télécommunications.

<sup>1</sup>Mr. Robertson was then the Chairman of the Interdepartmental Committee on Telecommunications Policy.

3. To give further consideration to the detailed recommendations of the report in the light of the conclusions reached at the Bermuda Conference.

As you know from our airmail letter to you of February 22,† the Canadian Government has given formal approval to the Bermuda Agreement. When the Bermuda Agreement was approved by the Cabinet, they were also asked to consider a memorandum prepared by our Interdepartmental Committee on Telecommunications Policy, asking for a decision on the principal recommendations of the London Conference, which had not been previously discussed. A copy of this memorandum is enclosed.<sup>1</sup>

After considerable discussion the Cabinet

(a) approved in principle the general financial arrangements proposed in the London report involving payment of the net (i.e. surplus) revenues of the Canadian corporation to the central fund, to meet Canada's share of

- (i) the cost of maintaining the central body, and
- (ii) the cost of using and maintaining the cable system,

it being understood that this decision involved no commitment regarding payment of any overall deficit; and,

(b) agreed that any action to nationalize communication services in Canada be delayed pending the outcome of negotiations in the United Kingdom.

I should be grateful if you would inform the appropriate authorities in the United Kingdom of the action taken by the Government. We are not circularizing the other Commonwealth Governments on this question at the present time, since the Interim Agreement has still to be signed by all partner governments and the action contemplated on the main portion of your Report does not seem imminent. As I interpret the decision of the Cabinet, they are not prepared at this stage to commit the Canadian Government to assuming any share of the cost of maintaining the Commonwealth Telecommunications Board and the cables system in excess of the net revenues of Canadian corporation. This attitude does not conflict in any way with the proposed financial arrangements since the Conference Report noted that the means of meeting an overall deficit was to be left over for subsequent discussion by the new Commonwealth Telecommunications Board. Naturally, the Cabinet decision does not preclude Canadian participation in any examination of this problem which may take place or possible participation in arrangements that may be evolved by the Board.

We would welcome any further information that your staff may be able to secure on the development of United Kingdom policy in nationalization of Cable and Wireless. In view of the satisfactory relations that have always existed between Canadian Marconi and ourselves, we do not feel disposed to hasten negotiations for the nationalization of that company and the acquisition of cable terminals from Cable and Wireless. It is rather our intention to wait

<sup>1</sup> Voir le document 730.

<sup>1</sup> See Document 730.

until the United Kingdom Government has completed its purchase of the assets of Cable and Wireless Limited, which will involve control of Canadian Marconi.

Yours sincerely,

N. A. ROBERTSON

735.

CH/Vol. 2114

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

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

Ottawa, March 28, 1946

Dear Mr. Massey,

On February 7, 1946, an agreement was signed between the United States of America and the British Commonwealth and Empire concerning radio distance indicators, of which I enclose a copy.† The agreement was signed by four officials on behalf of the United States and by Sir Robert Watson-Watt on behalf of the British Commonwealth and Empire. We were not aware of the signature of this agreement until after it had taken place and discovered that no authority had ever been granted by the Canadian Government for such a signature. It is, of course, quite inconsistent with constitutional practice that any official should sign for the British Commonwealth and Empire a title which, as you are aware, has not been authorized for use in official documents. The reason for the curious method of heading the document and signing it appears to have been the fact that the officials concerned were technical experts, and the title of the document was based upon the fact that there has been in existence a Commonwealth and Empire Radio for Civil Aviation series of conferences. Our Embassy in Washington informs us that the author of the text on the United States side was a member of the Telecommunications Division, who referred to the documents of the Second Commonwealth and Empire Radio for Civil Aviation as a precedent. The text of the document was not checked by legal and protocol experts in the State Department, while it did not come to our attention until some time after signature.

The State Department is apparently willing to consider the agreement operative, but is equally ready to have a new text drawn up and signed in any form acceptable to all concerned. Although this agreement is not an important one it does provide an embarrassing precedent for the future. It is certainly not one which we could table in Parliament as binding for Canada and for which we could seek the approval of Council. In view of the circumstances, I would appreciate if you could take up as soon as possible with the appropriate officials the problem created by the wording and signature of this document. We would like you to point out that we are strongly of the opinion that the document should be re-drafted as soon as possible with provision

for separate signatures on behalf of the various Governments, with the expression "British Commonwealth and Empire" deleted throughout. We suggest that agreement on the form of the document be reached in London through consultation with the various Governments affected. When this has been done, the revised text should be circulated for approval by the Governments and then submitted to the United States.

Yours sincerely,

N. A. ROBERTSON

736.

DEA/6327-40

*Mémorandum du président, le Comité interministériel sur les télécommunications, au ministre de la Reconstruction et des Approvisionnements*

*Memorandum from Chairman, Interdepartmental Committee on Telecommunications, to Minister of Reconstruction and Supply*

[Ottawa,] December 19, 1946

GENERAL

The telegram† from the Chairman of the Commonwealth Communications Council to Mr. W. A. Rush, Canadian Member, regarding the proposed meeting of the said Council to be convened in London some time during the month of February was referred to you by Mr. Baldwin. Pursuant to your instructions, the Interdepartmental Committee on Telecommunications met this morning to consider:

- a) whether Canada should participate in the proposed meeting;
- b) if (a) is answered in the affirmative, then who should act as Canadian representative or representatives.

SHOULD CANADA PARTICIPATE

It was unanimously agreed that Canada should be represented at the next meeting of the Commonwealth Communications Council, and the following are the principal arguments which prompted such decision:

a) Canada has formally accepted membership in, and has duly appointed a representative to, the Commonwealth Communications Council, and as this organization is the administrative body for Commonwealth telecommunications matters, it is considered that the Canadian member should attend all meetings.

b) Reports of the Moscow Telecommunications Conference indicate that the United States of America may sign the Telegraph Regulations. In such event, certain of the Commonwealth countries including Canada, who have not signed these Regulations, may find it desirable as a natural consequence of United States signature to also become signatories. This meeting will provide an opportunity for representatives from these various countries to discuss the problem generally, as a result of which the Canadian representative will

be in a better position to make a recommendation to the appropriate authorities in this country;

c) One of the agenda items is the formation and method of operation of the Commonwealth Telecommunications Board, which will come into being when nationalization has been completed throughout the Commonwealth. As Canada will be a member of such Board, it seems desirable that we should have a voice in its structure and take advantage of this opportunity of presenting our views in that connection;

d) Although it is Canadian policy to delay any action on nationalization of cable and wireless until such time as the United Kingdom has completed its programme and has taken over the shares and assets of Cable and Wireless Limited, we will nevertheless be required to tie in to the overall nationalization programme at some point. Therefore it seems important that we obtain first hand information as to the procedure being adopted and the schedule being followed in the other countries of the Commonwealth. The United Kingdom Government will acquire 51% of the shares of the Canadian Marconi Company, and this meeting would appear to provide us with the opportunity of obtaining helpful information regarding the future plans of the United Kingdom;

e) The report which is to be rendered at this meeting by the Secretary of the Commonwealth Communications Council, who attended the Moscow Conference, will undoubtedly assist us in the preparations which we are making for the World Telecommunications Conference which is to be convened in 1947.

#### WHO SHOULD ATTEND

You will recall that in a letter dated November 15th, 1943, which you directed to the Prime Minister, you recommended that the Controller of Radio, who was then Mr. W. A. Rush, be designated as the Canadian Member on the Commonwealth Communications Council. When Mr. Rush later retired from that appointment, the recommendation was approved that he continue as Canadian representative until March, 1947, when the situation would be reviewed.

The Committee agreed that Mr. Rush should attend the coming meeting of the Commonwealth Communications Council, not only because he is the duly authorized Canadian member, but also because his experience and background knowledge will undoubtedly be of considerable assistance.

In addition, it was the opinion of all the members present that it would be desirable to have also in attendance an individual who is still actively connected with the Canadian Government and who is completely up to date on Government policy in the matter of nationalization. As Transport is the Government Department most directly concerned and most familiar with our national and international telecommunications interests, it was considered that the second representative to the meeting should be selected from that Department.

## DEPARTMENT OF FINANCE INTERESTS

It is obvious that our nationalization procedures will involve somewhat detailed financial arrangements in which the Department of Finance will be principally concerned. It was felt that it would be helpful if an individual from that Department who has had some contact with this subject could accompany the two Canadian representatives to the meeting, primarily to discuss with the United Kingdom authorities and the representatives of the other Commonwealth countries who will be present in London, the overall financial programme and obtain details which can be more satisfactorily handled by personal liaison than in official correspondence.

## RECOMMENDATIONS

The Interdepartmental Committee on Telecommunications respectfully recommends for your consideration

a) that Canada be represented at this meeting of the Commonwealth Communications Council;

b) that the delegation be composed of

i) the present Canadian member, Mr. W. A. Rush,

ii) a selected official from the Department of Transport;

c) that consideration be given to the desirability of having an appropriate official from the Department of Finance accompany these two representatives, not to attend the meetings officially, but to take advantage of this opportunity of liaising and holding discussions with representatives of all the Commonwealth countries who will be in attendance on the purely financial implications of nationalization.

H. M[ORAN]

## SECTION C

## DÉFENSE/DEFENCE

737.

DEA/8371-40

*Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre  
de la Défense nationale pour l'Air*

*Under-Secretary of State for External Affairs to Deputy Minister of  
National Defence for Air*

Ottawa, January 17, 1946

I am enclosing a letter dated January 8th, from the United Kingdom High Commissioner, concerning the proposal that the Canadian Government should participate in forming a Route Squadron made up of Air Forces from the Commonwealth countries. I should be glad to have your views on this proposal.

N. A. ROBERTSON

## [PIÈCE JOINTE/ENCLOSURE]

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

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

1085/10

Ottawa, January 8, 1946

Dear Mr. Robertson,

With a view to extending the close co-operation between the Air Forces of the British Commonwealth, the United Kingdom authorities have been considering the possibility of forming a Route Squadron, composed of personnel from the Air Forces of the Commonwealth countries. I have been asked to enquire if the Canadian authorities would be prepared to participate in such a scheme.

It is felt that the formation of such a squadron would follow appropriately upon the establishment of the Central Flying School and Air Navigation School in the field of air transport, i.e. movement and supply by air of forces of all three arms and flight delivery of aircraft from production to any point in an emergency, it is considered particularly desirable that a common technique should be developed.

The purpose of the Squadron, which would be equipped with the latest and best types of transport aircraft would be:

(a) To provide for the Air Forces of all the Commonwealth countries aircrew with experience of flying difficulties in all parts of the world. These airmen would form a nucleus of highly trained aircrews whose skill and knowledge would be invaluable.

(b) To flight-test aircraft in all conditions of weather and climate and thus improve design and efficiency of British military aircraft.

(c) To provide air transport for personnel of military services travelling between various parts of the Commonwealth and attending various specialist courses which will be necessary to enable service personnel to keep abreast of scientific development.

Before giving further examination to this proposal the United Kingdom authorities would be glad to know whether it commends itself to the Canadian authorities and whether they would be willing to participate in such a joint undertaking and to bear a share of the cost. Questions of the location of the squadron, the routes to be operated and the share of cost to be borne by each country would be discussed at a later stage if it is agreed that the proposal should be further examined.<sup>1</sup>

Yours sincerely,

MALCOLM MACDONALD

<sup>1</sup> La note suivante était écrite sur cette lettre:

Mr. Robertson

This will need to be looked into very carefully before any commitment made.

W. L. M[ACKENZIE] K[ING] 22-1-46

<sup>1</sup> The following note was written on the letter:

738.

DEA/8371-40

*Le sous-ministre de la Défense nationale pour l'Air  
au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of National Defence for Air  
to Under-Secretary of State for External Affairs*

Ottawa, January 24, 1946

With reference to your communication dated 17th January, 1946, concerning Canadian participation in the formation of a route squadron made up of Commonwealth Air Forces.

Although the aims of the proposed organization are considered to be of great importance and would serve a definite need, it is not considered feasible at the present time for the R.C.A.F. to participate. With the multitudinous problems and considerations that must be met during the interim stage between war and peace, and the numerous extraneous commitments which have to be filled by the R.C.A.F., any activity of this nature is, unfortunately, impractical. There is no doubt, however, that at some future date, the R.C.A.F. will wish to have its own transport squadrons carry out flights to all portions of the world, and at that time could co-ordinate their effort with such an activity as has been suggested.

It would be appreciated if the above views could be transmitted to the High Commissioner for the United Kingdom in Canada.

JAMES SHARPE  
for the Deputy Minister

739.

DEA/7-DA

*Mémorandum du secrétaire, le Comité de défense du Cabinet,  
au Comité de défense du Cabinet*

*Memorandum from Secretary, Cabinet Defence Committee,  
to Cabinet Defence Committee*

[Ottawa,] February 2, 1946

## CANADIAN PARTICIPATION IN COMMONWEALTH ROUTE SQUADRON

1. The United Kingdom High Commissioner in Canada has advised that his government have been considering the possibility of forming a "Route Squadron" comprised of personnel from the Air Forces of the Commonwealth countries. He has inquired if Canada would be prepared to participate in such a scheme.

2. In the view of the United Kingdom authorities, the formation of such a squadron would develop a uniform technique for the movement and supply by air of military forces, and flight delivery of aircraft from production to any

point in an emergency. The purposes of the squadron, which would be equipped with the latest and best types of aircraft, would be:

- (a) to provide the Air Forces of all the Commonwealth countries with experience of flying difficulties in all parts of the world;
- (b) to flight-test aircraft in all conditions with a view to improving their design and efficiency; and
- (c) to provide air transport for military personnel travelling between Commonwealth countries.

3. The question of the location of the squadron, the routes to be operated and the share of cost to be borne by each country would be discussed at a later stage if it is agreed that the proposal should be further examined. In the meantime, the United Kingdom authorities wish to know whether we would be willing to participate in such a joint undertaking and whether we would be willing to bear a share of the cost.

4. The Under-Secretary of State for External Affairs referred the matter to the Department of National Defence for Air who have reported that:

The aims of the suggested organization are felt to be of great importance and would meet a definite need. However, with the many problems relating to the transition from war to peace conditions, it is not judged to be feasible at the present time for the R.C.A.F. to participate in such a joint undertaking. It is certain, however, that at some future date the R.C.A.F. will desire to have its own transport squadrons carry out flights to all parts of the world, and it is probable at that time the R.C.A.F. would co-ordinate their effort with the plan now suggested by the United Kingdom.

5. The views of the Cabinet Defence Committee have been sought before a reply is made to the United Kingdom High Commissioner.

E. W. T. GILL

740.

DEA/8371-40

*Le secrétaire, le Comité de défense du Cabinet, au sous-secrétaire d'État  
aux Affaires extérieures*

*Secretary, Cabinet Defence Committee, to Under-Secretary of State  
for External Affairs*

Ottawa, February 20, 1946

May I draw your attention to the decisions taken on the following matters by the Cabinet Defence Committee at their 13th meeting, held on February 18th, which require action by your department:

1. Air Force; participation in Commonwealth Route Squadron

Your file on this subject is returned herewith. It was the feeling of the Cabinet Defence Committee that in notifying the United Kingdom authorities [that] Canada would not participate in this joint undertaking, no reference should be made to the possibility of some co-ordinated effort at a later date.

This would require deletion of the ultimate sentence in your draft reply to Mr. MacDonald.

2. Imperial Defence College courses; financial arrangements
3. Victory celebrations in the United Kingdom; Canadian participation

EVAN W. T. GILL

741.

DEA/8371-40

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

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

Ottawa, February 21, 1946

Dear Mr. MacDonald,

I am writing with reference to your letter of January 8th in which you informed us of the proposal under consideration in London for forming a Route Squadron composed of personnel from the air forces of the Commonwealth countries and enquired whether the Canadian authorities would be willing to participate in such a scheme.

The matter has now been carefully considered and it is recognized that the aims of the proposed organization are important and would meet a definite need. It is felt, however, that it is not feasible for the Royal Canadian Air Force to participate in a joint undertaking of this nature. The principal reason is the extent and nature of the problems relating to the transition of the R.C.A.F. from war to peace conditions and the character of the various commitments which must be met by the R.C.A.F.

Yours sincerely,

N. A. ROBERTSON

742.

DEA/7-DA

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures  
au Comité de défense du Cabinet*

*Memorandum from Associate Under-Secretary of State for External Affairs  
to Cabinet Defence Committee*

SECRET

[Ottawa,] March 5, 1946

PROPOSED INFORMAL COMMONWEALTH CONFERENCE  
ON DEFENCE SCIENCE

1. The United Kingdom government have proposed that a short and "entirely informal" Commonwealth conference on defence science should be held in London between June 3rd and June 15th. An unofficial conference of Commonwealth scientists convened by the Royal Society has been called to

meet in London on June 17th and it will be followed during the month of July by a Commonwealth scientific official conference. The invitations to participate in these two scientific conferences have already been accepted and the Canadian representatives have been tentatively chosen.

2. When these arrangements were under discussion in the middle of 1945, the United Kingdom government stated that questions of liaison between Commonwealth governments on secret defence science might be left for separate consideration, since they raised special issues. They have now proposed, however, that advantage should be taken of the presence of so many scientists from [sic] London this summer to arrange for discussions on defence research.

3. The detailed programme suggested in a letter from the United Kingdom High Commissioner, dated February 21st, is as follows:

“The United Kingdom authorities have been giving some consideration to the question of what subjects might be considered by the meeting. I have been asked to let you know that it is suggested that the first two items on the agenda should be:

(a) to consider how best to distribute the necessary programme of defence research throughout the British Commonwealth in such a way as to make the best possible use of available and potential facilities and staff in each country, and

(b) to consider what machinery may be required for the co-ordination and periodical review of such a programme.

The United Kingdom authorities are convinced from the future trend of defence research which has already become discernible that there is an immense task to carry out on the research and development required. They feel that the resources of the United Kingdom alone are not likely to be sufficient to cope with such a programme and that in any case the United Kingdom is not suitable, geographically or climatically, for a full investigation of many problems involved. Moreover, they feel that a dispersal of the research centres would be desirable to provide some measure of protection.

Apart from the subjects mentioned above, which would constitute the principal items on the agenda, the United Kingdom authorities would like to discuss the location of testing and research facilities for:

- (a) full scale development and testing of guided and propelled missiles and projectiles for all services,
- (b) testing supersonic pilotless aircraft,
- (c) testing facilities for weapons and equipment under various climatic conditions,
- (d) testing of shore and ship-based aircraft under full Arctic and full tropical conditions,
- (e) investigation of local under-water acoustic and magnetic conditions with special reference to techniques for submarine detection,

- (f) testing and development of vehicles and A.F.Vs,<sup>1</sup>
- (g) large scale testing facilities for concrete structures for use in attack and defence, and
- (h) chemical and biological warfare problems.

It has been arranged that the scientific conference and the meeting of the Royal Society should begin on June 17th. The United Kingdom authorities think that a fortnight should suffice for the informal conference on defence science and accordingly suggest that this should open on June 3rd.

The United Kingdom authorities would like to reach agreement on the subjects for the agenda by March 1st and, if this can be done, they would hope to be able to circulate papers before the end of March to the authorities concerned so that visiting delegations would have ample time to consider these subjects before leaving for the United Kingdom.

The United Kingdom authorities would hope to be able to arrange visits to United Kingdom research establishments working on defence matters, if possible to coincide with similar visits proposed during the course of the official and Royal Society conferences, but they feel that advantage might be taken of any spare days for this purpose during the informal conference on defence science.

I should be glad if you would let me know as soon as possible whether the Canadian authorities are willing to take part in the proposed informal conference on defence science. If so, I should also be very glad to know whether they concur in the suggested agenda as set out in this letter and if they have any comments or additions to suggest; in that event it would be very helpful if they could be made available by March 1st. Perhaps you would also in due course be good enough to let me know whether the time-table suggested above would be acceptable and whether the suggested starting date of June 3rd for the informal conference on defence science would be convenient. The United Kingdom authorities would also appreciate information at as early a date as possible as to the composition of any Canadian delegation so that accommodation can be arranged."

4. There are obvious advantages in continuing the close scientific relationships on defence questions which have been developed during the war, both between Commonwealth countries and with the United States. There is, therefore, a strong case for accepting the United Kingdom proposal and arranging for Canadian representation by a small team. It is, however, most important that close cooperation in this respect inside the Commonwealth should neither prejudice the intimacy of our official scientific contacts with the United States nor give rise to any assumptions in the United Kingdom that we are accepting political commitments for Commonwealth defence at this stage. The emphasis placed by the United Kingdom government on the complete informality of the meeting may be a sufficient safeguard, but it might be well in replying to the

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<sup>1</sup> Armoured Fighting Vehicles.

invitation to draw particular attention to the plans now under way for fuller collaboration in peacetime between Canada and the United States on all defence questions.

5. It is also for consideration whether we should bring up at this stage the form which any conclusions reached by the conference might take. Some of the items on the suggested agenda have strong political implications, such as the distribution of defence research stations throughout the British Commonwealth and the location of testing and research facilities for various types of military equipment. If the conference were to make definite recommendations on these subjects which were acceptable on political grounds to all the governments of the Commonwealth except Canada, the Canadian government may find itself placed in an awkward position.

H. H. WRONG

743.

W.L.M.K./Vol. 237

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au Premier ministre*

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

SECRET

[Ottawa,] March 19, 1946

As you know there will be held in London next summer a series of meetings of Commonwealth scientists of which the most important will be an unofficial conference convened by the Royal Society. Canadian participation in this and in a smaller and later meeting of official scientists has already been approved. The United Kingdom Government suggested some weeks ago that the Royal Society's conference might be preceded by an informal and secret conference on defence research. They communicated more detailed suggestions for this meeting through Earnscliffe toward the end of last month and in particular they suggested that the first items on the agenda should read as follows:

(a) To consider how best to distribute the necessary programme of defence research throughout the British Commonwealth in such a way as to make the best possible use of available and potential facilities and staff in each country, and

(b) To consider what machinery may be required for the co-ordination and periodical review of such a programme.

The proposals were referred to the Chiefs of Staff and the National Research Council for their views and the opinion was expressed that an informal meeting on defence research might well be profitable, especially to avoid duplication of effort, provided that our participation did not imply acceptance of a single Commonwealth programme in this field and that our interests with respect to the United States were safeguarded.

The question was considered by the Defence Committee of the Cabinet on March 16th at which a draft reply was discussed proposing that the invitation be accepted provided that alterations were made in the items of the agenda quoted above. The Defence Committee approved this draft with minor changes and I attach a copy of the letter which has been sent to Mr. Stephen Holmes following this discussion. This contains a suggested redraft of the agenda so phrased as to remove the possible centralist implications of the United Kingdom proposal.<sup>1</sup>

H. W[RONG]

[PIÈCE JOINTE/ENCLOSURE]

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

*Under-Secretary of State for External Affairs  
to Deputy High Commissioner of Great Britain*

SECRET

Ottawa, March 16, 1946

Dear Mr. Holmes,

Consideration has now been given to the detailed information contained in your letter of February 21st† about the suggested informal conference of Commonwealth countries in London next June on the subject of defence research. It was not possible to send you an earlier answer as the proposal required interdepartmental consideration of a number of intricate technical questions.

The Canadian authorities are in full agreement with the United Kingdom authorities that there is an immense task to be carried out in the field of defence research and development, and they share their desire that the close relationships on these questions which have been developed during the war should be continued.

They find difficulty, however, in agreeing to the first two items of the agenda in the form in which they are expressed in your letter. As phrased, they appear to contemplate the adoption of a single programme of defence research for the British Commonwealth, directed and coordinated by central machinery yet to be established. It is felt here that an attempt so to formalize arrangements for secret defence research and development might result in inflexibility and prove to be less effective than a looser and less formal system of coordination and liaison.

Furthermore, it is of great importance to all the countries of the British Commonwealth, and of particular importance to Canada, that the most intimate possible relationship in this field should be maintained with the United States. As you are aware, the Permanent Joint Board on Defence is now

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

OK. W. L. M[ACKENZIE] K[ING] 31-3-46

developing a scheme for the closer coordination of defence planning between Canada and the United States; and the Canadian authorities attach special importance to the maintenance and extension of their direct contacts with the United States authorities in defence research and development.

While agreeing, therefore, that an informal conference should take place in London between June 3rd and 19th and that there might usefully be discussed at this conference the location of testing and research facilities for the eight projects mentioned in your letter, the Canadian authorities propose that the first two items on the agenda should be reworded as follows:

(a) to consider the tasks which might be undertaken in defence research by British Commonwealth Governments in such a way as to make the best possible use of available and potential facilities and staff in each country;

(b) to consider the means whereby the programmes of defence research undertaken by British Commonwealth Governments might best be coordinated and periodically reviewed; and

(c) to exchange views on methods of co-operation in the field of defence research and development with the United States of America and other foreign governments.

It is felt here that the value of holding a conference of this nature at present is that it will provide an opportunity for the exchange of views and experience between technical experts, and that the aim should not be to present to Commonwealth Governments general recommendations for their consideration. Canadian experience, which we believe to be parallel to that of other countries of the Commonwealth, has shown that, especially in dealing with the United States, satisfactory contact in this field is best maintained by direct arrangements on specific proposals, sometimes concluded at the departmental level, rather than under an overall agreement negotiated between governments. An overall intergovernmental agreement on these matters, indeed, would of necessity involve far-reaching political implications, and its negotiation might in fact result in limiting the extent and utility of close liaison and cooperation in matters of defence science.

Yours sincerely,

N. A. ROBERTSON

744.

DEA/50255-40

*Mémorandum du secrétaire, le Comité de défense du Cabinet*

*Memorandum by Secretary, Cabinet Defence Committee*

SECRET

[Ottawa,] March 22, 1946

COMMONWEALTH CONFERENCE ON DEFENCE SCIENCE

Following is an extract from the minutes of the 14th meeting of the Cabinet Defence Committee held on March 16, 1946.

“THE COMMITTEE, after further discussion:

(a) agreed that Canada should be represented at the informal Commonwealth conference on defence science, and that the reply to the United Kingdom invitation be in the terms of the draft submitted, subject to minor changes emerging from the discussion;

(b) that the composition of the Canadian delegation be settled by the Minister of National Defence on the advice of the President, National Research Council, and the Director General of Defence Research; and

(c) that the Chiefs of Staff Committee prepare and submit for consideration recommendations as to the policy which should govern in matters of defence research arrangements with Commonwealth and other countries.”

745.

DEA/50046-B-40

*Le secrétaire, le Comité de défense du Cabinet, au sous-secrétaire d'État  
associé aux Affaires extérieures*

*Secretary, Cabinet Defence Committee, to Associate Under-Secretary of State  
for External Affairs*

Ottawa, May 2, 1946

You will recall that Cabinet Defence Committee recently discussed the financial arrangements that should obtain in the postwar period for Canadian and U.K. Service personnel interchanged on courses. The Chiefs of Staff favoured a continuation of reciprocal arrangements that have been in effect during the war, and by which no charge was made for the courses, but each government was responsible for pay and allowances of their personnel attending such courses. Before promoting this plan with the U.K., you asked for further details as to how such a scheme would affect U.K. and Canada.

The C.A.S. now advises that, effective April 1st, 1946, the R.C.A.F. must pay for all courses that R.C.A.F. personnel undergo at R.A.F. schools. He considers this contrary to the views expressed at Cabinet Defence Committee, and suggests that the question be reopened with a view to making representations to the U.K.

I have consulted Navy and Army in this matter, and they both indicate that they expect to revert to the prewar arrangement and pay for courses. They are exploring the matter now with U.K. authorities.

I am not inclined to put the matter before Cabinet Defence Committee at this time, but I would welcome your observations so that I may make a report to the C.A.S.

EVAN W. T. GILL

746.

PCO/D-19-15

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

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

TELEGRAM 1052

London, May 2, 1946

TOP SECRET. Defence of the Commonwealth.

2. Two papers have been submitted by United Kingdom on defence matters for consideration of Commonwealth Ministers. One is a Chiefs of Staff paper and the other is a paper by the Secretary of State for Dominions incorporating views of Chiefs of Staff. It was intended that these papers should be shown to you on your arrival in London. They have not yet been seen by Canadian Joint Staff Mission who are, nevertheless, endeavouring to secure copies. Following is a summary of principal features of these papers based on a brief reading.

1. Chiefs of Staff paper. This is based on designation of 4 "main support areas"—United Kingdom, the American Continent, Southern Africa, Australia and New Zealand. In addition, there are designated "other areas of strategic importance" in which British influence should be maintained in order to protect main support areas. These are western Europe, Iberian Peninsula, North-West Africa, Middle East, India, South-East Asia. (The designation of the Middle East as an area of strategic importance but not a main support area is interesting. During the course of discussions on other subjects with Commonwealth representatives, Bevin made it clear that problem was that there was no area in the Middle East which could be regarded as politically dependable for a base, and consideration was being given to the possibility of shifting emphasis to Kenya). The Chiefs of Staff recommended the following principles for Commonwealth defence.

(a) Each member of the Commonwealth should accept responsibility for the development and defence of their main support area and the strategic zone round it (For Canada this would presumably mean responsibility for the American Continent and, to some extent at least, North Atlantic communications.). In defining areas of strategic importance it was pointed out that the security of western Europe has been proved of direct interest to Canada.

(b) There should be acceptance of the principle of joint responsibility between parts of the Commonwealth concerned for protection of the lines of communication between the main support areas.

(c) Members should agree that it is in their strategic interest to assist, both politically and militarily, in maintaining the British position in those protective areas which directly affect the security of their territory and communications.

The memorandum stresses the desirabilities of co-operation in training and research. It is suggested, however, that the Dominions would maintain their own training facilities but that these should be of a kind which could be expanded in time of emergency for Commonwealth purposes. This principle would be applied to Commonwealth air training facilities. Individual members would agree to maintenance of bases in their regions and maintenance of stores and facilities. Emphasis is placed also on vulnerability of United Kingdom and desirability of dispersal of resources and population throughout the Commonwealth.

2. Dominions Secretary's memorandum. This memorandum pays more attention to political considerations and is primarily concerned with machinery for consultation and co-operation. The views expressed are as follows.

(a) A centralized system for Commonwealth defence is unlikely to be generally acceptable, and might restrict the freedom of action of individual members of the Commonwealth in making bilateral arrangements for co-operation with other countries. In any future major war, the Commonwealth must depend upon the active assistance of the United States, and any Commonwealth defence organization must include machinery for co-operation with the United States. Stress is also placed on regional co-operation with other countries such as France and The Netherlands.

(b) The Commonwealth should set up some looser system for co-ordination which should be based on the national defence organizations. As meetings of Prime Ministers cannot be held frequently, some arrangement is required by which decisions can be taken and implemented and preparatory work undertaken without holding a meeting of the Heads of Government. Nevertheless, such an arrangement must be based on the principle that responsibility for decisions rests with the various Governments.

(c) The essence of the proposal is that the United Kingdom should maintain Joint Staff Missions in each Dominion, and that the Dominions should maintain Joint Staff Missions in London and in any other Dominion capitals in which they consider they have sufficient interest. It is suggested that the Joint Staff Missions should be attached to the High Commissioners office and act as Service Advisers to the High Commissioners. It is emphasized that consultation will take place not only in London but also in any Commonwealth capital. It seems intended, for example, that the present Staff Missions in Melbourne should be developed as principal co-ordinating body in the South-West Pacific. It is hoped that the flexible system would remove fears of centralized control by the United Kingdom.

(d) It might not be possible to bring this system fully into operation immediately, but provided there is agreement upon the essentials as set out above, the necessary framework would be available on which a full organization could grow.

At discussions of these papers, Alanbrooke emphasized that the whole scheme is based on the principle of the Combined Chiefs of Staff in Washington, the British members of which make recommendations on matters of major policy to the Defence Committee which, if necessary, can refer them to the full Cabinet. By stressing the parallel of collaboration between two foreign countries, Alanbrooke argued that no encroachment on the sovereignty of the Dominions was intended. It was further hoped that each member would play the major part in his area.

In the discussions which followed, Nash indicated general acceptance provided there was assurance of adequate political consultation at all levels, and that it was agreed that the centre of the scheme need not be in London. He expressed some fears that the co-ordination of policies of 5 Governments would not be as easy as that of the United States and the United Kingdom.

The Australians, while not rejecting the scheme, did not seem disposed to accept it out of hand. Chifley and Evatt both raised many questions of detail. Chifley said he was anxious lest the proposal should involve centralized control of defence policy, which he was sure would be politically impracticable. Evatt was more worried lest consultation on military level would mean that agreements would be reached which would be difficult to change when they reached Ministers.

The United Kingdom Ministers were anxious to have the matter thrashed out here and some agreement reached before Ministers dispersed. Nash seemed anxious to take advantage of present opportunity, but Australians seemed disinclined to be rushed and stressed that the proposals would have to be considered by the Australian Government.

I understand that further consideration will be given to the subject this week in view of Smuts' arrival.

747.

DEA/65-C

*Mémoire du secrétaire, le Comité des chefs d'État-major,  
au Comité de défense du Cabinet*

*Memorandum from Secretary, Chiefs of Staff Committee,  
to Cabinet Defence Committee*

SECRET

Ottawa, May 8, 1946

## EXTERNAL POLICY ON DEFENCE RESEARCH AND DEVELOPMENT

1. The Cabinet Defence Committee, at their meeting of March 16th, decided that the Chiefs of Staff Committee should prepare and submit recommendations as to the policy which should govern in matters of defence research arrangements with Commonwealth and other countries.

2. The Chiefs of Staff, at their meeting of May 7th, concurred with the attached recommendations of the Director General of Defence Research, and agreed to recommend this policy to the Cabinet Defence Committee.

J. W. C. BARCLAY  
Acting Lieutenant-Commander

[PIÈCE JOINTE/ENCLOSURE]

*Extrait du mémorandum du directeur général de recherches pour la défense*

*Extract from Memorandum by Director General of Defence Research*

SECRET

[Ottawa, May n.d., 1946]

...

PART II

A SUGGESTED POLICY TO GUIDE EXTERNAL RELATIONS ON  
DEFENCE RESEARCH AND DEVELOPMENT

(Note: From the viewpoint of external relations, Service research and development are inseparable; hence this part, unlike the others, covers research *and* development and has important implications concerning production policy.)

13. From a small beginning before the war, Canada has developed Service research and development facilities of considerable scope which have made an important contribution to the technical and scientific progress of the Allied forces. In some fields of purely Service research Canada has taken the initiative in developing original ideas, in others she has been largely dependent upon the United Kingdom or the United States for the initiation and even the direction of research. It is in the interests of all three nations that Canada should gradually assume a greater degree of independence in this field. This does not mean that collaboration would be any less close than it has been, but rather the reverse. Canada would, in effect, become a fully participating partner in research with the other countries, but would limit her activities to those fields in which she has important original ideas or special interests, facilities, or resources. Work in these fields would be done on Canadian initiative and at Canadian expense but with the fullest exchange of ideas, men, and materials, with the UK and USA. This general principle might be elaborated as follows:

(a) Canada wishes to have free and full interchange of information on defence research and development with the United Kingdom and the United States.

(b) Canada intends to devote sufficient effort to defence research and development to produce results which will be of substantial value in this interchange.

(c) Canada wishes to co-operate with the United Kingdom and the United States in any way that may be considered mutually desirable. Consultations

would be welcomed and are considered essential but Canada must maintain the initiative in originating her own defence research policy and programme.

(d) Canada is prepared to undertake full-scale research and development only on those items for which we have special facilities or interests and which are within our financial and other resources.

(e) Canada is particularly interested in extending co-operation for technical and operational testing, under Canadian climatic and topographical conditions, of equipment developed by the UK or the US, which are suitable for employment by UK - Canada - US Forces.

(f) Canada desires access to information on defence research fields in which she is not herself actively engaged. In this connection, she would wish to train a limited number of experts among her own personnel for this purpose, and to attach these to establishments in UK and USA where they could acquire the requisite knowledge and skill.

(g) Defence research arrangements with other countries would depend on considerations of security policy, in which Canada would act in closest consultation and association with the United Kingdom and the United States.

(h) In respect of other Commonwealth Countries than the United Kingdom, and with due regard to the aforementioned security policy, defence research arrangements would be entertained by Canada under conditions similar to those applicable to the United Kingdom.

(j) Other external defence arrangements may be expected to develop in accordance with the growth of comparable agencies and activities in the United Nations Organization.

748.

PCO/D-19-15

*Mémoire du secrétaire, le Comité des chefs d'état-major,  
au secrétaire du Cabinet*

*Memorandum from Secretary, Chiefs of Staff Committee, to  
Secretary to the Cabinet*

TOP SECRET

Ottawa, May 9, 1946

I pass you herewith for your Top Secret and personal information, the following papers and messages received by the Chiefs of Staff from the Canadian Joint Staff Mission, London.

(a) Memorandum CJSM (5-1) of 2 May 46, together with the following papers:

- (i) Strategic position of the British Commonwealth;
- (ii) Organization of zones of strategic responsibility;
- (iii) Responsibilities for Commonwealth defence.

(b) Message CJSM 80 of 6 May 46,† from the Canadian Joint Staff Mission, London, in reply to message CSC 1058 of 4 May 46;†

(c) Message CJSM 81 of 6 May 46† from the Canadian Joint Staff Mission, London, concerning the paper on organization of zones of strategic responsibility.

J. W. C. BARCLAY  
Acting Lieutenant-Commander

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire, la mission interarmes de l'état-major canadien à Londres,  
au secrétaire, le Comité des chefs d'état-major*

*Secretary, Canadian Joint Staff Mission, London,  
to Secretary, Chiefs of Staff Committee*

CJSM (5-1)

London, May 2, 1946

Reference is made to para 7 of CJSM 79.†

The Canadian Joint Staff Mission were given an opportunity to peruse the following papers:

- (a) Strategic Position of British Commonwealth
- (b) Organization of Zones of Strategic Responsibility
- (c) Responsibilities for Commonwealth Defence.

and enclosed herewith are the substances of these papers for the information of the Canadian Chiefs of Staff.

R. L. RAYMONT  
Lieutenant-Colonel

[PIÈCE JOINTE/ENCLOSURE]

*Extraits de mémoires de la mission interarmes  
de l'état-major canadien à Londres*

*Extracts from Papers by Canadian Joint Staff Mission, London*

TOP SECRET

STRATEGIC POSITION OF THE BRITISH COMMONWEALTH

1. This appreciation of the strategic position of the British Commonwealth is written in the light of its resources and the modern conditions of warfare and is concentrated on the preparations in peace and defence in war upon those areas and communications which are vital to the Commonwealth. The implication is that these are:

- (a) The U.K.
- (b) The American Continent
- (c) The White Dominions.

2. In considering the strategic position of the British Commonwealth, a conflict with Russia is the only situation in which it at present seems that the

British Commonwealth might again become involved in a major war. In such a conflict it would be vital to obtain the early and wholehearted participation of the United States on the side of the Commonwealth. The consideration of the strategic position is therefore made having particular regard to the possibility of a war in which the British Commonwealth and the United States, with such allies as they could obtain, were confronted by Russia and her satellites.

3. If Russia be taken as the potential aggressor, the following must be considered:

(a) Main support areas on which the war effort of the Commonwealth must be based, and which it is therefore essential for the Commonwealth to hold, and the communications between them.

(b) Other areas of strategical importance in which it is desired to retain Commonwealth influence in order to protect the main support areas, and ensure that the Commonwealth does not start a future war in an unfavourable strategical position.

In considering the above, it must be borne in mind the relative position of the Commonwealth and Russia as regards man-power and war potential which will result from the maintenance or loss of the Commonwealth position in any particular area.

4. The term "main support areas" means those areas which contain concentrations of man-power, industrial potential or sources of food or raw material, such that they are essential to the war effort.

5. It is clear that the following will be the main support areas:

- (a) The United Kingdom.
- (b) The American continent, including South America.
- (c) Africa south of the Sahara, including East Africa.
- (d) Australia and New Zealand.

The position of the United Kingdom is peculiar in that it contains 63 per cent of the white man-power of the British Commonwealth and an even greater proportion of its industrial potential, but is at the same time in a highly vulnerable position geographically. Eventually it may be possible to build up the war potential of the Dominions to such an extent that the relative importance of the United Kingdom will be diminished, but short of mass emigration and the wholesale transfer of industry which at present appears impracticable, the contribution of the United Kingdom in war-making potential will remain so high that, in spite of its vulnerability, it must continue to be classified as a main support area.

6. The position of India also requires consideration. Uncertainty as to her political future makes it unwise, at the present time, to regard her as a main support area. The airfields in North-West India are of great importance, and have great offensive possibilities. India is, however, with the exception of the United Kingdom, more exposed to air attack than the other main support areas.

On the other hand, her geographical position, together with the proportion of the man-power of the Commonwealth which India is in a position to provide is so high and her industrial and supply capacity, which is already increasing, is potentially so great that it is considered that it will undoubtedly be of the greatest importance that India should remain in or closely allied to the Commonwealth and take her place as a main support area in the future.

India has not been included as a main support area in the present review, but it is considered essential that the country should be so developed and the political situation stabilised so as to allow her to take her place as a main support area at the earliest possible moment.

7. Communications between the main support areas will mainly be by sea through the Atlantic, Pacific and Indian Oceans. These are of vital importance. In particular, if the war potential of the United Kingdom is to remain available it is essential that her Atlantic sea communications are kept open.

The use of the sea and air communications through the Mediterranean may be of very great importance owing to the saving both of shipping and of time thereby achieved. Although, from the point of view of broad strategy, this route cannot be classified as vital in the same way as are the Atlantic communications, the extent to which freedom of action is and must remain dependent upon limitations of shipping makes it of very great value.

It must also be pointed out that the security of the alternative shipping route via the Cape, which serves either the Mediterranean or the Far East theatre, depends almost entirely on South African co-operation.

#### EFFECT OF WITHDRAWAL TO MAIN SUPPORT AREAS

8. It may be argued that preparations in peace should be concentrated upon the preservation of main support areas only and of the communications between them, and that outside these areas our commitments should be cut to the minimum. Such a policy might claim the double advantage, not only of reducing commitments, but also of placing between ourselves and the potential aggressor very considerable areas, thereby lessening the chance of conflict.

9. It is suggested, however, that it would be fallacy to suppose that, where territories of strategic importance are concerned, hiatus areas would exist for long between zones of Russian interest and those of Commonwealth interest. If commitments were cut and the predominant position of the Commonwealth in such areas lost thereby, these areas with the war-making potential they contain will, sooner or later, be dominated by Russia. If the Commonwealth moves out in peacetime, Russia will move in, pursuing her policy of extending her influence by all means short of major war to further strategic areas.

10. A policy of concentrating upon the defence of main support areas would result in adding to the Russian controlled area and therefore to the war-making potential at her disposal, the following:

- (a) All Europe less the United Kingdom

(b) North-West Africa

(c) The Middle East and North-East Africa.

11. These additions to Russian-controlled territories would have a far-reaching effort [*sic*] on the security of Commonwealth sea communications. The communications between the main support areas of the American continent and Southern Africa and Australia could still be maintained, though those in the Atlantic would be threatened from bases in North-West Africa. Communications to the United Kingdom, however, would be gravely threatened through the possession by the enemy of the entire Atlantic coast line from the North Cape to French Morocco. The Mediterranean communications would, of course, be cut.

Because of the great distances involved, air communications would be severely restricted in war and the ability to reinforce by air with the shorter range types would be lost.

Under the circumstances, it is doubtful whether the industrial potential of the United Kingdom could be sustained. The threat to its sea communications, coupled with the direct threat by air attack and long-range bombardment from the mainland of Europe, would introduce a grave risk that the United Kingdom would be reduced to a Malta-type existence, contributing little to the main war potential.

12. Should the U.S.S.R. dominate all the areas given in paragraph 10, she would gain immense additional resources in man-power. As well, she would approximately double her steel-making capacity and acquire substantial additional oil production.

13. It is therefore clear that a policy of withdrawal into the main support areas would produce the following results:

(a) It would render the position of the United Kingdom, if not untenable, at least one of the utmost gravity in which the industrial potential of this country would, to all intents and purposes, be lost. Both India and Southern Africa would be threatened.

(b) It would add considerably, perhaps even decisively, to the man-power and war potential at the disposal of Russia.

In addition, it would greatly reduce the possibility of carrying out offensive operations against areas of importance to the enemy, would add greatly to the depth of his defences and would correspondingly reduce the depth of Commonwealth defences, thereby depriving us of the time necessary to organize defence.

14. If a war with Russia should occur, the Commonwealth is certainly likely to have to give ground in some of these areas, but it should on no account weaken itself in peacetime by surrendering influence in areas of major strategic importance, in advance of a war.

## AREAS OF STRATEGIC IMPORTANCE OTHER THAN THE MAIN SUPPORT AREAS

15. From the preceding section it is clear that, if preparations in peace are concentrated upon the main support areas only, the Commonwealth would be at a very grave disadvantage from the start of a conflict. It is therefore necessary to consider the extent to which the Commonwealth should maintain influence in additional areas which will enable it to:

(a) Ensure the security of the main support areas.

(b) Ensure that at the start of a conflict the Commonwealth has sufficient depth in front of its vital areas to allow the necessary time both to mobilize the Commonwealth forces and for the resources of the United States to be brought into play.

(c) Deny to the probable enemy the opportunity of developing in peace important additional resources and war potential.

(d) Attack areas of importance to the enemy at the outbreak of war.

16. In considering the strategic requirements forward of the main support areas, the main factor to be taken into account is the very great numerical superiority in land forces which the Russians would be likely to enjoy in the event of war.

In face of this two main factors will have to be relied upon:

(a) The maintenance of our lead in the scientific and technical fields.

(b) Commonwealth sea and air power.

These factors coupled with Russia's geographical position and economic self-sufficiency lead to the consideration that threat of attack by air or long-range weapons will be our one effective military deterrent to Russian aggression. It is therefore of the greatest importance that control should be retained of the necessary bases to render such attacks possible. Of the main support areas at present assured to the Commonwealth only the United Kingdom is so placed that it could constitute a base for this purpose, but it is obvious that the United Kingdom alone is clearly insufficient.

. . .

## SUMMARY

24. Our strategic requirements in addition to the security of our main support areas and the communications between them may therefore be summarized as the establishment and maintenance of our position in:

Western Europe, including Scandinavia

The Iberian Peninsula and North-West Africa

The Middle East, particularly Egypt and Palestine

India and South-East Asia.

25. It is not suggested that in all the above areas a display of military force in peacetime is essential in order to prevent the spread of Russian influence. Our influence can be established and maintained in varying ways, by political

action, and by our economic policy as well as by the presence of armed forces. In some cases political action may be all that is possible or required, in others, the actual presence of armed forces may be necessary.

It does not, therefore, follow that our strategical requirements as set out above result in the maintenance of large-scale forces which it is quite clear the country cannot afford to maintain in peacetime.

26. The requirements set out above are based solely upon strategical considerations. It is pointed out, however, that the political and economic considerations of the Commonwealth position, particularly in the Mediterranean and the Middle East, are as follows:

(a) From a political point of view our presence in the Mediterranean is vital to our position as a great Power. On it depends our influence on Spain, France, Italy, Yugoslavia, Greece and Turkey, and with that goes all that we stand for as the last bastion of social democracy.

(b) We have strong interests in Egypt and in Iraq, where the oil is now one of our greatest economic assets.

(c) It is essential to maintain the Mediterranean as a trade route and as a trade area, to utilize both and to maintain the principles of Western civilization in that area.

(d) It may be necessary to develop within the United Nations Organization a "Western Zone" including Scandinavia, the Low Countries and France. The ability to bring such an organization into existence will depend upon our retaining our position in the Mediterranean.

The above considerations show that as regards Western Europe, the Mediterranean and the Middle East, the political, economic and strategic requirements coincide.

#### CONCLUSIONS

27. It is concluded that:

(a) The main support areas upon which the war effort must be based will be the United Kingdom, the American Continent, Southern Africa and Australia. The security of these areas is essential. Every effort should be made to develop and stabilize India as an additional main support area.

(b) The sea and air communications between our main support areas in the Atlantic, Pacific and Indian Oceans are of vital importance. Communications through the Mediterranean, though not vital, are of great importance particularly in relation to economy of shipping.

(c) By concentrating in peace upon the main support areas only, the Commonwealth would place itself in an unfavourable strategic situation at the start of any future conflict. We must, therefore, establish and maintain our influence in other areas of strategic importance since it must be assumed that, if we do not, our influence will be supplanted by that of Russia, which must at present be considered as our most probable potential enemy.

(d) These additional areas are Western Europe including Scandinavia; the Iberian Peninsula and North-West Africa; the Middle East, particularly Egypt and Palestine; India and South-East Asia.

If these areas were to fall under Russian domination:

(i) the security of the United Kingdom would be directly threatened.

(ii) Our vital sea communications, particularly those in the Atlantic would not be secure.

(iii) we should lack the essential depth in front of our vital areas to allow the necessary time both for the Commonwealth to mobilize its own forces and for the resources of the United States to be brought into play.

(iv) We should have relinquished to Russia important sources of man-power and war potential.

(v) The Commonwealth would be deprived of bases outside the United Kingdom from which the threat of air action would be a deterrent to Russian aggression and from which we could, at the outset of a war, conduct offensive operations, which might indeed be the only effective means of defence open to us.

28. Our main strategic requirements are based principally upon facts of geography and the distribution of man-power and natural resources which do not change. It is considered therefore that the basic principles of our strategy set out above will not be radically altered by new developments in methods or weapons of warfare.

## ORGANIZATION OF ZONES OF STRATEGIC RESPONSIBILITY

### OBJECT

The object of this paper is to consider an organization of zones of strategic responsibility designed to simplify and co-ordinate the control of defence of areas of strategic importance to the British Commonwealth.

### GENERAL CONSIDERATIONS

2. It is considered that each Zone should consist of areas of strategic importance in which the interest of the three Services, and the interests of the civil organizations, so far as possible coincide. Zones should not be so large that a system of co-ordination within each could not operate effectively. Furthermore, it would be impossible to devise zones which would be strategically independent of each other, and some overlapping of interests is therefore inevitable.

3. The Middle East and the Mediterranean Areas form a strategic whole. Experience during the last war has shown the value of a unified system of control throughout this area. Therefore it is considered that a Middle East Zone on the lines of that already in existence will be required, unless the present policy with regard to the Middle East is radically altered.

4. As regards Australia and New Zealand, it is considered that these Dominions would not accept an arrangement whereby they were included in a British defence zone covering South-East Asia and the Pacific; nor will their resources allow them to accept overall responsibility on behalf of the Commonwealth for the Defence of British interests in S.E. Asia. It is considered that Australia and New Zealand must form either a single or two separate zones, which would include the adjacent territories to the north and east which are of primary strategic importance to them. It would be for the Dominions themselves to decide whether the area should be divided into two separate zones or combined to form a single zone.

5. As regards the area lying between the Middle East and the Australia/New Zealand zones, the creation of a single zone covering the whole area would have the advantage of ensuring that the strategic problems of India, S.E. Asia and the Western Pacific would be considered as a whole. Such an arrangement would however involve either the control of forces in India by a headquarters outside that country or establishing the zone headquarters in Delhi. The first alternative would be unlikely to be acceptable to the Indian Government; the second would also it is considered, be unsatisfactory since a headquarters in Delhi, necessarily deeply concerned with the internal situation in India and the defence of her land frontiers would be mentally and physically remote from the problems of the Western Pacific and to a lesser extent from those of S.E. Asia.

Therefore it is considered that the area between the Middle East and the Australia/New Zealand zone should be divided into an Indian zone and a South-East Asia zone.

6. The whole area under consideration would thus be divided into the following zones:

- (a) The Middle East
- (b) Indian
- (c) South-East Asia
- (d) Australia/New Zealand.

#### PRINCIPLES OF DEFENCE ORGANIZATION WITHIN ZONES

7. It is considered that within each zone there should be established

(a) An inter-service headquarters, or similar organization, for co-ordinating military matters within the zone between different services and, where necessary, between different commands.

(b) Machinery for co-ordinating civil and military requirements in each zone.

Both the above organizations would also be responsible for liaison with similar organizations in neighbouring zones.

8. The inter-service headquarters, would comprise the senior military authorities within the zone. The nature of this organization would depend on circumstances peculiar to each zone. It is not considered that responsibility

for overall command need necessarily be vested in the organization; in certain zones this would not, in any case, be feasible.

9. The machinery for co-ordinating military and civil requirements in each zone should in our view take the form of a Defence Committee, consisting of the representatives of the civil administrations and the military authorities within the zone. The actual organization and composition of the Defence Committee in each zone would vary according to the nature of the civil administration and the organization of the military command.

The responsibility in respect of foreign territories in these zones can only be exercised within the framework of instructions from His Majesty's Government or of such defence agreements as might be concluded between His Majesty's Government and the foreign governments concerned.

10. The planning of our overall strategy and policy for the defence of the Commonwealth must, it is considered, be carried out in London and the Dominions capitals, since the overall picture in regard to resources, political information, intelligence and scientific developments will not be available to individual zones. The defence organization in each zone would perform a complementary function to the higher defence machinery in London and the Dominion capitals, and would be responsible for providing information and advice on which overall policy would be based, and for co-ordinating the measures, particularly administrative arrangements, necessary for the implementation of this policy.

## RESPONSIBILITIES FOR COMMONWEALTH DEFENCE

### INTRODUCTION

In this paper is examined in broad terms the measures necessary to implement the conclusions reached in the paper on the strategic position of the British Commonwealth, and the views on the allocation of strategic responsibility as between members of the Commonwealth who are carrying out these measures.

In the paper dealing with the strategic position of the British Commonwealth it was shown that the war record of the Commonwealth will depend upon four main support areas and on the lines of communication between them. These areas are the United Kingdom, the American Continent, Southern Africa, and Australia and New Zealand. This paper therefore examines the requirements of a main support area and the steps which the members of the Commonwealth should take to render their territory capable of acting as a main support area.

### REQUIREMENTS OF A MAIN SUPPORT AREA

#### *Industrial Facilities*

The UK which is geographically the most vulnerable area in the Commonwealth possesses an unduly high proportion of the Commonwealth's industry

and war potential. In a future war the position of the UK is likely to be even more difficult than in the last war and it may even be neutralized. The Commonwealth would then only be able to continue the fight if it had developed adequately the industrial potential of the remaining support areas. The development of heavy industry, and in particular the shipbuilding and aircraft industries, in the Dominions is therefore a task to which the Commonwealth should give the highest priority which economic conditions will allow. Each main support area would also require a main naval base with fully developed docking and repair facilities, both for ships and for naval aircraft.

### *Man-power*

Each main support area requires in war an adequate reserve of man-power for the services, and sufficient skilled industrial workers to support the war effort. At present the United Kingdom contains 63% of the white man-power of the Commonwealth and Empire. On strategic grounds it is clearly desirable to spread this man-power more evenly throughout the Commonwealth by encouraging overseas settlement in the Dominions to the greatest possible extent. So far as economic conditions in the UK will allow it is considered therefore that emigration should be encouraged. The Dominions should as their contribution, encourage overseas settlement.

### *Accumulation of Materials and Supplies*

The vulnerability of the United Kingdom makes it undesirable to hold there the main concentration of supplies and materials for the Commonwealth war effort. The Dominions might therefore assist by making available storage facilities into which may be fed reserve stocks of armaments and service equipment of all kinds. Facilities for the production in the Dominions of specialized war stores and equipment should also be developed, so that replacement of stocks could be carried out, thus avoiding the holding of large reserves of material which may quickly become obsolete. By this means up to date materials would be available to equip the forces in each support area, and so allow the necessary time for each Dominion to mobilize its industry for war. The possibility of stationing in the Dominions ships of the Royal Navy, in reserve, should be considered.

### *Training Facilities*

Although in peacetime reasons of economy and man-power shortages will not allow the Commonwealth training facilities to be spread evenly between the main support areas, it would be desirable to see the Dominions maintain their own service training establishments, including those for combined operations, on such a basis that they could expand quickly and easily to receive and train UK man-power in the event of war.

In particular though it will not be possible in peacetime to keep alive the Empire Air Training Scheme by providing personnel for training from this country, air training throughout the Commonwealth should be developed

along homogeneous lines and airfields, which could be rapidly developed should be maintained, if only on a care and maintenance basis. Without such a basic skeleton neither the R.A.F nor the Fleet Air Arm could hope in war to provide the training facilities required by their rapidly expanding forces. In addition, it is considered desirable to see certain training schools and facilities set up in the Dominions by the Royal Navy during the past war, maintained on care and maintenance.

### *Research and Development*

Though there has been very close co-operation during the war in the field of scientific research between the Dominions and this country, it has, in general, been on little more than an ad hoc basis.

The necessity for formally correlating Commonwealth research in all matters concerning defence has now been accepted, and preliminary talks to see how far this can be achieved will shortly be taking place in this country.

Arrangements are in hand with the Dominions to make available for joint use areas suitable for carrying out development trials of such new weapons as cannot adequately be tested in the United Kingdom, i.e. atomic weapons, long-range rockets and weapons connected with bacteriological and chemical warfare.

### *Intelligence*

It has been proposed that Joint Intelligence Bureaux, to be responsible for the collection, collation and where appropriate, the appreciation of intelligence of an inter-service significance such as topographical, economic, airfields and ports, and for the production of geographical handbooks on such subjects, be established in Australia, Canada and the United Kingdom. Such Bureaux would be the main production centres, while collecting centres would be established in South Africa, as well as in the Middle East and India. It is intended that there should be a free interchange of material and personnel between the Bureaux throughout the Commonwealth.

## DEFENCE OF MAIN SUPPORT AREAS AND COMMUNICATIONS

### *Defence of Main Support Areas*

The UK and the four great Dominions themselves form the main support areas for the Commonwealth war effort. The primary responsibility for the security of each of these areas and for the maintenance in peace of the necessary forces therefore falls naturally upon the member of the Commonwealth concerned.

It is considered that this responsibility should be extended to include responsibility for the strategic co-ordination of Commonwealth defence measures throughout the strategic zone of which each main support area is the heart.

*Protection of Lines of Communication between Main Support Areas*

Commonwealth Defence depends largely on the maintenance of safe communications. However highly developed a main support area may be, it will be of little value to the Commonwealth if its resources cannot be utilized when and where required.

In the past, the protection of sea communications devolved to a great extent on the UK, though as the last war proceeded, the Dominions made increasing contributions to this commitment.

The increasing vulnerability of the United Kingdom under the threat of new weapons makes it unlikely however that this country will be able in future to provide as large a portion of the effort as in the past.

It is therefore considered that the security of the main Commonwealth communications linking the main support area should be accepted as the joint responsibility of the members immediately concerned in each case.

To this end it is proposed that there should be discussion on a staff level, of the following problems:

(a) The maintenance of nucleus naval forces, including Naval aircraft, backed by adequate reserves.

(b) The maintenance of suitable air forces backed by adequate reserves organized with a view to expansion and reinforcement in War or emergency.

(c) The retention of repair and maintenance facilities for the above.

(d) The retention and development of air and naval operational bases.

(e) The maintenance of staging posts and terminal bases on air routes.

(f) The maintenance of reserves of ammunition, torpedoes, equipment and stores, etc.

(g) Areas in which the members of the Commonwealth would assume joint responsibility for sea communications, and delineation of command boundaries.

...

## CONCLUSIONS

It is concluded that each member of the Commonwealth should:

(a) accept responsibility for the development and defence of their Main Support Area and the strategic zone around it.

(b) accept the principle of joint responsibility between members of the Commonwealth concerned for the protection of lines of communication between Main Support Areas.

(c) agree that it is in their strategic interest to assist both politically and militarily in maintaining the Commonwealth position in those protective areas which directly affect the security of their territory and communications.

749.

DEA/50255-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures**Memorandum by Associate Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa,] May 24, 1946

## DEFENCE RESEARCH AND DEVELOPMENT; EXTERNAL POLICY

At the meeting of the Cabinet on May 22nd, the recommendation of the Cabinet Defence Committee, namely that part two of Dr. Solandt's paper be accepted as a statement of interim policy and taken as a guide to the delegation to the forthcoming Commonwealth Conference in London in June, was approved.

It was understood that the question of policy would be reviewed upon the return of the Canadian delegation.

H. W[RONG]

750.

DEA/7-CM-1

*Procès-verbal d'une réunion**Minutes of a Meeting*

TOP SECRET

## COMMONWEALTH DEFENCE

NOTE ON A MEETING HELD AT NO. 10 DOWNING STREET,  
ON FRIDAY, 7TH JUNE, 1946

The Right Hon. C. R. Attlee, M.P.,  
Prime Minister of the United Kingdom

The Right Hon. W. L. Mackenzie King,  
Prime Minister of Canada

The Right Hon. Viscount Addison,  
Secretary of State for Dominion Affairs

General Sir Hastings Ismay,  
Office of the Minister of Defence

MR. ATTLEE said that the existing organisation for military liaison between Canada and the United Kingdom consisted of the Canadian Joint Staff Mission in London on the one hand, and the military advisers to the United Kingdom High Commissioner in Ottawa on the other. He asked Mr. Mackenzie King for his views as to whether this organisation should continue.

MR. MACKENZIE KING said that he favoured the continuation of this organisation, provided that it was clearly understood that the work of these Missions was primarily informatory and that there was no question of their entering into commitments. It would be better, he thought, that the arrangements should not be too formal.

LORD ADDISON intervened to say that this very point had been raised at their recent discussions with the other Dominions and that it had been agreed that the officers in question should be called "Liaison Officers" rather than a "Mission".

MR. MACKENZIE KING said that he would consult his Ministerial colleagues and the Chiefs of Staff in Canada before taking a definite decision as to whether the existing organisation for Anglo-Canadian military liaison should continue. In saying this he did not qualify his general inclination to favour its continuance as previously expressed.

He then referred to the work of the Canadian-U.S. Joint Defence Board. This Board had no executive authority, but referred all their conclusions to their respective Governments. During the war their conclusions had generally been accepted without much ado, but more recently, the Canadian Government had felt it right to ask for more time to consider the various proposals remitted to them. The United States Government were concerned about the possibility of attack via Canada, and were anxious to have certain rights and facilities in that country. Their requests were being considered. Meanwhile, everything went to show that collaboration between the U.K. and Canada on military matters would have to take into account the necessity for close collaboration between the U.S. and Canada.

751.

W.L.M.K./Vol. 405

*Mémorandum du deuxième secrétaire, le haut commissariat en Grande-Bretagne, au secrétaire par intérim,<sup>1</sup> le haut commissariat en Grande-Bretagne*

*Memorandum from Second Secretary, High Commission in Great Britain, to Acting Secretary,<sup>1</sup> High Commission in Great Britain*

SECRET

[n.d.]

## COMMONWEALTH DEFENCE SCIENCE CONFERENCE

Dr. Solandt called on me in accordance with a suggestion made by Mr. Robertson to describe the Conference which has recently taken place among Commonwealth representatives on Defence Science. The technical aspects of this matter will, of course, be reported by Dr. Solandt to the Department of National Defence, and it was only the political aspects which we discussed. Dr. Solandt said that the Conference, as expected, had agreed to recommend to the Governments concerned the appointment of a Commonwealth Defence Advisory Council. This would be a purely advisory body with no executive powers which would co-ordinate information concerning the work of defence science in various parts of the Commonwealth. Dr. Solandt expressed the opinion that the Council would be more valuable for Australia, New Zealand and South Africa, than for Canada. However, he considered that it would be

<sup>1</sup> Frederic Hudd.

very useful for Canada, as it would assist in the planning of Canadian research to know what was going on in other parts of the Commonwealth. Dr. Solandt was obviously pleased with the political aspects of the Conference. There was no suggestion from the United Kingdom authorities of a desire to control or plan the work of the Commonwealth. They did not suggest maintaining their own establishments in Canada, for instance. Their aim in this matter was part of their general intention to disperse the scientific brains and capacities of the Commonwealth. Such an aim would, of course, be in keeping with the general principles enunciated in the Chiefs of Staff paper which was presented at the recent meeting of Prime Ministers.

An interesting feature of the Conference was the presence of United States observers. Apparently this arrangement was made without the knowledge of the State Department. The suggestion that there be American observers originated out of the very friendly relations between the United States Military Attaché in London and the United Kingdom Chiefs of Staff. The Military Attaché secured the approval of the United States War Department and some of the observers came from Washington. Presumably the State Department learned later what was happening through the Embassy. There is no evidence, however, that they made any complaint. United States observers, at their own suggestion, did not attend the meeting of the Central Committee but they did attend the meetings of the Sub-Committees which discussed the details of scientific research. Apparently the relations between the observers and the British Commonwealth representatives could scarcely have been more cordial. The members of the Conference agreed to recommend to their Governments that the fruits of all Commonwealth defence scientific research be made available to the United States without asking any counters or making any bargains. The United Kingdom representatives stated that the other members of the Commonwealth could do what they wished in this regard but that this was the established principle on which their Chiefs of Staff worked. They admitted that Americans did not follow the same principle entirely, but nevertheless the Chiefs of Staff were determined to continue this practice. It was their view that the Commonwealth would never fight the United States but that on the other hand would find it necessary to fight with the United States in another war and that therefore they had nothing to lose from this practice of sharing. I asked Dr. Solandt if there was any nervousness lest the Americans exploit British inventions for commercial purposes. He said that this question had been raised but that all Commonwealth representatives had agreed that the United States was possibly the most reliable country in the world with regard to the protection of patents.

As a matter of minor interest, Dr. Solandt stated that although the Canadian and South African representatives expressed their desire to cooperate with the United Kingdom in any projects that were suggested, they did not wish to be told by the United Kingdom what to do. The Australians and New Zealanders, however, expressed the desire that the United Kingdom Government tell the Australian Government what they would like Australian

and New Zealand defence scientists to undertake. Dr. Solandt agreed with my suggestion that in the case of Australia this was a reflection of the differences which exist between the Australian Government in Canberra and the Australian Chiefs of Staff in Melbourne. He said that the Australian representatives were frank in saying that unless the United Kingdom Government put pressure on the Australian Government, nothing would be done. In this connection, it may be worth mentioning that when Dr. Evatt and Mr. Chifley were in London, they expressed their surprise to the United Kingdom authorities at the way in which the United Kingdom Chiefs of Staff were allowed to express their opinions on political matters as they did in their memoranda. The Australians seemed to feel that Chiefs of Staff were rather dangerous people who must be kept in their place and not allowed to do more than they were specifically asked.

Dr. Solandt stated that it was unanimously felt in the Conference that the next meeting should not be held in the United Kingdom and that the obvious place was Canada as Canada alone had the facilities. Another reason was that there was a desire to continue co-operating with the Americans and that for this reason a meeting in Canada would be appropriate. The understanding apparently was that if Canada would have a Conference of this kind, the Canadian Government could feel free to invite as many Americans as it wished to play as active a part as they wished in the Conference. I suggested to Dr. Solandt that although a conference of this kind including the Americans would probably be more acceptable to Canadian public opinion, nevertheless it might not be acceptable to United States opinion in view of the alarm expressed in many quarters over Mr. Churchill's suggestions at Fulton of a Commonwealth-United States alliance. We agreed that this sort of co-operation is perhaps best carried on without too much advertising. In fact, the meeting in London attracted very little public attention and the proceedings were not reported in the Press.

J. W. H[OLMES]

752.

W.L.M.K./Vol. 389

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM D. 866

London, September 21, 1946

IMPORTANT. TOP SECRET. Following for the Prime Minister from the Prime Minister, Begins: It is intended to publish shortly before Parliament reassembles on the 8th October a White Paper<sup>1</sup> on our central organization for defence, which will announce certain changes in the existing organization, including the appointment of a Minister of Defence. A summary of the White Paper will be telegraphed to you for your information in the near future, but in the meantime I should be grateful if you would consider four

<sup>1</sup> *Central Organization for Defence: Proposals and Organization for Collective Defence.*

paragraphs on Commonwealth collaboration which form part of the section of the White Paper called "Organization for Collective Defence". The text of these paragraphs is contained in my immediately following telegram. If you have any comments to make on these paragraphs, I should be glad to have them as soon as possible, and at the latest by the end of the month, since arrangements for printing must be made then. Ends.

753.

W.L.M.K./Vol. 389

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM D. 867

London, September 21, 1946

IMPORTANT. SECRET. Following for the Prime Minister from the Prime Minister, Begins: White Paper on Central Organization for Defence. Following is text of paragraphs on Commonwealth collaboration, Begins:

Paragraph 36. Commonwealth collaboration. Methods of collaboration between the various members of the Commonwealth are governed by the principle enunciated in the Statute of Westminster. Even before 1923, the conception that there should be a central authority in London representative of all the self-governing members of the Commonwealth to review defence questions and prepare central plans which would be binding on the whole Commonwealth and Empire was never recognized as practicable, even if it were desirable. Admittedly, the Dominions have a close interest in problems that affect the Commonwealth and Empire as a whole, but each of them has a special and distinct outlook on world affairs dependent on its geographical position and its political and economic environment, and Dominion Governments must retain full liberty of action. Cooperation in Commonwealth defence has, therefore, always taken the practical form of promoting uniformity of organization, training and equipment of military forces, the closest possible touch between Staffs and the interchange of officers to promote a common doctrine and outlook in military affairs. Collaboration between the naval, land and air forces from different parts of the Commonwealth and Empire in war-time has thus been easy and effective.

Paragraph 37. Since 1923, the natural tendency of the different parts of the Commonwealth to view problems from their own individual standpoint has become more marked. During the recent war, no attempt was made to revive the Imperial War Cabinet of 1917-18, but this did not prevent the maintenance of a very close touch between the Governments of the Commonwealth, not only by telegraphic means, but by constant meetings between Ministers, officers and officials on all levels. In this way, it was possible to make common plans for military action for the coordination of munitions production and for the cooperation of scientists and technicians in research and development. This flexible system of handling problems of mutual concern has proved very effective and it was the object of study at the recent

discussions in London in the spring of 1946. The attitude of the Assembled representatives of the Governments of the Commonwealth is illustrated by the communiqué issued at the conclusion of those discussions. Though this was concerned with consultation with the Dominions generally, it is fully applicable to our existing methods of consultation on defence questions. The following is an extract from that communiqué:

“At the conclusion of the meetings, the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa place on record their appreciation of the value of this series of consultations which exemplify the system of free discussion and exchange of views that characterizes the relations of the countries of the British Commonwealth.

“The existing methods of consultation have proved their worth. They include a continuous exchange of information and comment between the different members of the Commonwealth. They are flexible and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where the responsibility may have to be shared.

“They are peculiarly appropriate to the charter of the British Commonwealth with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt practicable proposals for developing the existing system, it is agreed that the methods now practised are preferable to any rigid centralized machinery. In their view, such centralized machinery would not facilitate and might even hamper the combination of autonomy and unity which is characteristic of the British Commonwealth and is one of their great achievements.”

Paragraph 38. The natural starting-point for future progress in Commonwealth defence has been the idea of regional association. Geography largely decides which problems most directly concern the separate members of the Commonwealth and it is the aim of the various Governments to recognize and take advantage of this fact by arranging that regional questions shall in the first place be studied in the appropriate regional centre. His Majesty's Government in the United Kingdom have proposed that there should be established in the Capital of each of the Dominions United Kingdom liaison officers who could join with the Dominion Chiefs of Staff in studying regional security problems. Similarly, they have proposed that Dominion Governments should appoint liaison officers in London. It has been suggested that by this means regional studies can be directed by the Government most immediately concerned with the help of a team of joint advisers. The fruits of these studies can be made available in London and in the other Dominion Capitals and in this way that measure of coordination which is necessary can be secured. The exact method of organizing the interchange of Missions will depend upon the varying constitutional practices in the different parts of the Commonwealth.

Paragraph 39. These proposals received a favourable hearing at the discussions in London in the spring and His Majesty's Governments in the

Dominions are studying them in detail. There is reason to suppose that in the main they will prove acceptable and that they will pave the way for machinery which, while giving full play to the independence of the member States of the Commonwealth, will be effective as a means of consultation and collaboration.

This regional method of organization will also fit well into any regional schemes evolved under the aegis of the United Nations in which other States will join with members of the Commonwealth in appropriate geographical areas. Ends. Message ends.

754.

I.A.M./Vol. 99

*Mémorandum du secrétaire, le Comité de défense du Cabinet, au Cabinet*

*Memorandum from Secretary, Cabinet Defence Committee, to Cabinet*

SECRET

[Ottawa,] September 23, 1946

DEFENCE SCIENCE; REPORT OF INFORMAL COMMONWEALTH CONFERENCE

1. An informal Commonwealth Conference on Defence Science was held in London last June for the purpose of furthering collaboration in the field of defence science within the Commonwealth. The conclusions and recommendations emerging from these discussions are contained in the report of the Conference, and the various participating governments are asked to say whether or not they are in agreement with the policy stated.

2. Canada was represented at the Conference by Dr. O. M. Solandt, the Director General of Defence Research, assisted by Service and technical specialists. The United States accepted an invitation to attend, and their representative was present for most of the discussions.

3. The Conference attached great importance, from a security standpoint, to maintaining technical initiative, and considered that special arrangements for the general coordination of work should be set up to achieve this end.

*They accordingly recommended:*

(a) *that a Commonwealth Advisory Committee on Defence Science should be formed for coordinating and liaison purposes, and that meetings of this Committee should be held annually; and*

(b) *that the Committee should be served by a permanent working party in the United Kingdom, consisting of representatives of all members of the Commonwealth, and a secretarial staff to administer its affairs.*

4. The Conference also exchanged views on methods of cooperation in the field of defence research and development with the United States and other foreign governments, and they agreed that collaboration with the United States was of the utmost importance, though they recognized that for the present it must, for political reasons, remain on an informal basis. *They accordingly*

*recommended that all results of research in the Commonwealth should be made freely available to the United States without bargaining or restriction.*

5. The Conference set up a series of sub-committees to study specific aspects of the subject, and in their reports Canada is asked:

(a) to consider what work she could usefully undertake on guided and propelled missiles, with special reference to low temperature testing facilities;

(b) to consider whether existing or proposed establishments for the testing of guided missiles and projectiles would be suitable for the testing of supersonic pilotless aircraft;

(c) to consider the continuation of investigations of biological warfare problems;

(d) to consider the continuation of present arrangements for de-icing work in Canada—great importance being attached to this subject; and

(e) that consideration should be given to the possibilities of using the area of the experimental station at Suffield for the testing of large concrete structures.

*The Conference recommended that these reports be accepted as a basis for further discussion.*

6. At the conclusion of the Conference, it was proposed that the first meeting of the Commonwealth Advisory Committee should be held in Canada in 1947, and the Canadian representative was asked to indicate whether this would be acceptable to his government.

7. The report has been considered by the Cabinet Defence Committee, in consultation with the Chiefs of Staff, and it has been agreed to recommend to the Cabinet:

(a) acceptance of the conclusions and recommendations contained in the report of the Informal Commonwealth Conference on Defence Science; and

(b) that no decision need be taken at this time on the question of holding the 1947 meeting of the Commonwealth Advisory Committee in Canada.

E. W. T. GILL

755.

W.L.M.K./Vol. 389

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

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

TELEGRAM 1728

Ottawa, September 30, 1946

IMMEDIATE. SECRET. Reference Dominions Office telegrams D. 866 and 867 of September 21st, White Paper on Central Organization for Defence.

We shall have some comments on Paragraph 38 of the draft paper, but we shall not be able to clear these for despatch before the middle of the week.

Will you please so inform the Dominions Office, expressing regret that we cannot offer our observations by the end of the month as requested.

756.

PCO/C-20-2

*Extrait de lettre du secrétaire adjoint du Cabinet  
au président, le Comité des chefs d'état-major*

*Extract of Letter from Assistant Secretary to the Cabinet  
to Chairman, Chiefs of Staff Committee*

Ottawa, October 3, 1946

Dear Air Marshal Leckie,

Among the items dealt with by the Cabinet at their meeting of October 2nd, the following are of interest to the Chiefs of Staff Committee:

*Defence Science; report of informal Commonwealth conference*

The Minister of National Defence presented a report on the informal Commonwealth conference on defence science recently held in the United Kingdom.

The conference recommended that a Commonwealth Advisory Committee be established for co-ordinating and liaison purposes and that the Committee be served by a permanent working party composed of Commonwealth representatives. Canada was asked to consider undertaking investigation and research in a number of specialized fields.

The Cabinet approved the recommendations of the Cabinet Defence Committee that

(1) the conclusions and recommendations contained in the report of the informal Commonwealth Conference on Defence Science be accepted; and,

(2) that no decision be taken at present on the holding of the 1947 meeting of the Commonwealth Advisory Committee in Canada.

• • •

Yours sincerely,

J. R. BALDWIN

757.

DEA/7-CM-1

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

TELEGRAM 379

Ottawa, October 3, 1946

**MOST IMMEDIATE. SECRET.** Following for Prime Minister from Prime Minister, Begins: Your telegrams D. 866 and D. 867 of September 21st, White Paper on Central Organization for Defence.

We should welcome complete revision of paragraph 38 of this Paper, which appears to us open to misinterpretation concerning both the place and planning of regional defence and the functions of liaison officers in Commonwealth capitals.

2. In the first place the paragraph might read as implying an intention to organize regional defence on a Commonwealth basis without the participation of other countries. In the case of Canada it is obvious that the defence of North America must, for the most part, be planned by the United States and Canada jointly, and your Chiefs of Staff are familiar with the plans now under discussion between ourselves and the United States. We think, therefore, that emphasis on the term "regional defence" is misleading as there will be great variety in the methods adopted by various Commonwealth Governments, involving close co-operation in some cases with foreign governments.

3. With regard to the proposed liaison officers, the description in this paragraph appears to contemplate functions of a representative character which would be on a distinctly higher level than was contemplated in paragraph 7 of Paper P.M.M. (46) 20,† from the United Kingdom Chiefs of Staff submitted at the meeting of Prime Ministers earlier this year in London. In particular the paragraph appears to imply that the liaison officers in each capital would regularly sit with the Chiefs of Staff concerned for the purpose of regional planning so that the Governments of each Commonwealth country would be furnished with joint advice. We consider that our own Service representatives to be appointed in London and perhaps in other Commonwealth capitals should not be empowered to enter into commitments, although we would expect them to have access to the Chiefs of Staff in the capital in which they were stationed when instructed to take up particular matters. Their functions would be to act as a channel of information and liaison.

4. We are now giving consideration to draft instructions for the Canadian Service representatives in London which would be in line with the views set forth in the preceding paragraph.

758.

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

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

TELEGRAM 2005

London, October 3, 1946

MOST IMMEDIATE. Your telegram No. 1728 of September 30th, White Paper on Central Organization for Defence.

1. I communicated at once to Dominions Office regret at our inability to make desired comments, and I have received an immediate note from the Under-Secretary of State for Dominion Affairs, informing me that, as forecast

in telegram Circular D. 866 of September 21st, it was found necessary to fix 12:00 noon, October 2nd, as latest time for sending the White Paper to printer in order to ensure that it be published on Friday next before Parliament re-assembles, a matter to which great importance is attached here.

2. Matter was brought to the attention of the Prime Minister, so that he might consider whether in circumstances any alteration of timetable was possible, but he felt compelled to adhere to present arrangements for reason mentioned.

3. I am informed it is, therefore, unfortunately unavoidable that White Paper will appear in its present form, before opportunity is had of considering observations on paragraph 38 which your telegram indicates you desire to make.

4. Dominions Office express regret that timetable difficulties should have been so compelling and request me to explain circumstances.

759.

W.L.M.K./Vol. 389

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

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

TELEGRAM 1746

Ottawa, October 3, 1946

MOST IMMEDIATE. SECRET. Following for Robertson from Wrong, Begins: Your telegram 2005 of October 3rd, concerning White Paper on Defence, was received just as we were despatching our comments on paragraph 38. I was only able to clear these this morning and I hope that they will still be able to make some changes. While the language of paragraph 39 to some degree qualifies the general statements in paragraph 38, I feel that we may encounter some difficulties in Washington unless our suggestions for revision are adopted, in addition to any problems arising from misunderstandings inside the Commonwealth on the functions of Service Liaison Missions. Ends.

760.

DEA/7-CM-1

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

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

TELEGRAM 2017

London, October 4, 1946

IMMEDIATE. SECRET. Following for Wrong from Robertson, Begins: Your telegram No. 1746 of October 3rd, and your telegram No. 379 of October 3rd to Secretary of State for Dominion Affairs.

1. I spoke to Brook and Machtig this morning. The former had already seen Attlee, who is replying direct to the Prime Minister's message.<sup>1</sup> As you will see from his reply, the United Kingdom Government feel that they cannot at this hour withdraw their White Paper on the Central Organization for Defence. Its publication will herald an important and long-awaited Cabinet reshuffle, the announcement of which Attlee feels he cannot defer. Copies of the White Paper have already been communicated to the leaders of the Opposition, arrangements have been made for a preparatory press conference at four o'clock this afternoon, and everything is set for publication in tomorrow morning's newspapers. From the importance which the United Kingdom Government attach to the timing of this announcement, one might infer that it was not unrelated to the Blackpool Conservative Conference, and to Churchill's speech tomorrow night, with which it will share the Sunday papers.

2. I told Machtig, whom I saw later, that, apart from the two specific points in paragraph 38 to which your telegram took exception, the tone and apparent implications of the whole passage relating to Commonwealth cooperation in defence matters might be found misleading in Canada and would perhaps compel our Government to make it clear that it had not yet committed itself to any particular methods or machinery for furthering cooperation in defence questions, and that the measures outlined in the United Kingdom paper were simply proposals that commended themselves to the United Kingdom Government and were now being examined by the Canadian Government.

3. Machtig said that none of the other Commonwealth Governments had objected to the terms of the proposed United Kingdom statement, though Chifley had intimated that its publication might make it necessary for him to make a public statement of the Australian position along the lines of his statement in the Prime Ministers' meetings in May last.

4. I told Machtig that I thought that the whole business was an instructive illustration of the dangers that lay in the United Kingdom's propensity to keep issuing public statements about aspects of Commonwealth relationships that really did not need further explanation or embellishment. Their publication at this time of the conception of cooperation in defence matters which they would like to see established might well prejudice progress in practical working arrangements, in which our Government had always shown its readiness to cooperate.

5. Specifically it seemed to me to be a serious political mistake to attempt to inflate the functions and status of the liaison officers whom they wished to see appointed. Their tendency to play them up might compel other countries to play them down, to nobody's advantage. I reminded them that the attachment last spring of service advisers to the United Kingdom High Commissioner in Canada had been accepted as a perfectly normal office

<sup>1</sup> Le document suivant.

<sup>2</sup> Following document.

routine analogous to the appointment of Service Attachés to the American, French or Soviet Embassies. For all formal, diplomatic and public purposes the status of the several Military Attachés in relation to the Canadian Defence Departments was identical. Neither the United States Government nor our Government would feel any public purpose was served by publicizing the private fact that working relations between our Defence Departments and the American Service Attachés, and between American Service Departments and our Joint Staff in Washington, were on a much more intimate and confidential footing than the nominally similar relationship maintained with the service representatives of certain other countries. Public insistence on the closeness and intimacy of these liaisons might be the one sure way of making them difficult if not impossible. More or less similar considerations should be taken into account in considering how liaison in defence matters between Commonwealth countries could be improved.

6. I also mentioned to Machtig our fear that the publication at this time of the United Kingdom Government's ideas about methods of Commonwealth liaison in defence matters might have a bearing on our Government's considerations of the timeliness of publishing the P.J.B.D.'s recommendation regarding the bases of Canadian-American cooperation in Continental defence. This was a major question of Governmental policy and one that I hoped would not be prejudiced by the premature publication of the United Kingdom Government's proposals.

7. Machtig said that he very much regretted that the text could not now be revised in the light of our observations and if they had been received a few days earlier he had no doubt that the text would have been amended accordingly. In the circumstances, he would do his best to have the Commonwealth aspect of the White Paper played down in this afternoon's press conference. The emphasis in United Kingdom press treatment would undoubtedly be on the Ministerial reorganization which the statement foreshadows, and he was hopeful that paragraph 38 would not receive as much attention or cause as much embarrassment as I thought it possibly might. Ends.

761.

DEA/7-CM-1

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 164

London, October 4, 1946

MOST IMMEDIATE. PERSONAL AND PRIVATE. Following for Prime Minister from Prime Minister, Begins: Your telegram No. 379 of October 3rd. As explained to your Acting High Commissioner on October 2nd, arrangements had already been made for publication on October 5th of the White Paper on Defence Organization. These arrangements for publication had been

timed to fit in with the announcement of certain changes which I am making in my Cabinet. The White Paper had been formally laid before Parliament and the final text was being printed. In these circumstances, I am sure you will understand that I could not delay publication while amendments to paragraph 38 were discussed.

2. That paragraph is, in fact, no more than a factual statement of the proposals which the United Kingdom Government put before the meeting of Prime Ministers in the spring for study in detail. It does not purport to state decisions. I doubt, therefore, whether it need give rise to the misinterpretation which you fear. I shall, however, take special care to see that in explanations of the White Paper given here, both to the press on publication and thereafter in debate in Parliament, the position on both points made in your telegram is made quite clear. This should avoid any risk of misunderstanding. We will lay special emphasis on the final sentences of paragraphs 38 and 39, respectively.

3. I should much have preferred to have been able to agree to text with you, but I am sure that you will realize my difficulties. The other Dominions have not suggested amendments. Best wishes. Ends.

762.

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

TELEGRAM 381

Ottawa, October 5, 1946

SECRET. PERSONAL AND PRIVATE. Following for the Prime Minister from the Prime Minister, Begins: Your telegram No. 164 of October 4th.

I appreciate the circumstances which made it difficult for you, at this stage, to delay publication of your White Paper. It is unfortunate, nevertheless, that the arrangements made for publication did not permit a more adequate period for consultation on those passages which relate to Commonwealth defence. We have been giving anxious consideration to defence questions and it was not possible to comment constructively immediately after receipt of your telegrams of September 21st. You will recall that at our discussions in London it was understood that further consideration and consultation with colleagues and advisers would be needed before a definite decision could be taken on the nature and extent of continuing military liaison.

2. The criticisms made in my telegram No. 379 of October 3rd relate to points of substance to which we attach serious importance, particularly in view of our relationship with the United States in matters of regional defence. We feel, therefore, that, apart from any problems which may arise from misunderstandings within the Commonwealth on the functions of Service Liaison Missions, the matter may cause some difficulties in Washing-

ton. I shall, of course, make no public reference to the matter here unless public comment makes it necessary that I should make our position clear. All good wishes. Ends.

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DEA/7-DA

*Mémoire du Comité des chefs d'état-major  
au Comité de défense du Cabinet*

*Memorandum from Chiefs of Staff Committee to Cabinet Defence Committee*

[Ottawa,] October 10, 1946

SERVICE LIAISON ARRANGEMENTS WITH THE U.K.

1. In accordance with the direction given at your meeting of July 24th, we have considered the question of future Service liaison arrangements with the U.K. and our proposals are submitted hereunder:

ORGANIZATION

2. We propose that the Canadian Joint Staff Mission, London, which was constituted by Cabinet War Committee decision of January 8th, 1945, be superseded by a liaison staff composed of senior officers of the three Armed Services and Defence Research, who will act individually as liaison officers and advisers to the Canadian High Commissioner in the U.K. and collectively as a joint liaison staff. In this latter capacity, the senior officer will be responsible for advising the High Commissioner and for maintaining a link with the U.K. Chiefs of Staff Committee on matters of a joint service nature.

3. Draft instructions to organize the liaison staff along these lines are attached as Appendix "A",† and submitted for approval.

4. Attached as Appendix "B"† is the proposed establishment for each service and Defence Research. These establishments total 21 officers, made up of 5 Navy, 8 Army, 3 Air Force and 4 Defence Research, together with one officer drawn from each Service in rotation to act as secretary to the senior officer. For this staff appropriate administrative and stenographic personnel are provided.

5. In addition to the Naval liaison staff, the Navy have a commitment in the form of the depot ship, H.M.C.S. *Niobe* (establishment shown in Appendix "C"),† which will be required while H.M.C. ships are being built in the United Kingdom and comparatively large numbers of officers and men are employed in the U.K. either on loan or under training. In order to create as economical a plan as possible, the Navy desire that, for accommodation purposes, this staff be housed in the same building as the Joint Liaison Staff, so that the Naval advisers to the High Commissioner can also assume the duties of Commanding Officer, H.M.C.S. *Niobe*.

6. Similarly, the R.C.A.F. requires technical and operational officers to maintain contact with R.A.F. operational and technical establishments, in order that up-to-date information on R.A.F. procedures and developments is

available to the R.C.A.F. in Canada for future planning, operations, training and technical requirements. Duplication of these R.A.F. facilities in Canada would require very extensive manpower and financial commitments. These officers will constitute the R.C.A.F. liaison group and, in order to achieve maximum economy, it is desired that, for accommodation purposes and unified direction, this group be housed in the same building as the Joint Liaison Staff. (For details of liaison group, see Appendix "D".) †

7. These personnel would, of course, be provided within presently authorized Service manpower ceilings, and no increases would be involved. Also, all duplication of functions with regard to administration, operation of motor transport and communications has been eliminated, one Service being designated to assume the responsibilities for all in each of these fields.

8. The provision of motor transport, on the scale shown—i.e. 14 passenger cars, is considered essential to enable the officers of these staffs to visit the many headquarters and technical formations within driving radius of London. This transport is provided primarily for this purpose and not for conveyance within London.

9. These establishments will of course be kept under periodic review with a view to reduction when and where possible.

#### ACCOMMODATION

10. A survey has been made by Canadian Joint Staff Mission in London to locate suitable accommodation. Adequate space, centrally situated, has been found at 31/32/33 Charles Street, Mayfair at a yearly rental of 8,000 pounds including rates. Subject to your approval of the organization outlined above we propose that action be taken to conclude the lease on the property and organize the Joint Liaison Staff at that location.

#### RECOMMENDATION

11. We therefore recommend for your approval that:

(a) the Canadian Joint Liaison Staff, London be organized on the basis outlined in this Memorandum and that instructions to this effect be issued along the lines of the attached draft;

(b) the liaison staff be established at a joint headquarters in central London and the Departments of National Defence be authorized to negotiate for the leasing of the Charles Street property for this purpose.

O. M. SOLANDT

H. E. REID  
Vice-Admiral

CHARLES FOULKES  
Lieutenant-General

W. A. CURTIS  
Air Marshal  
for Chief of the Air Staff

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*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 191

London, November 9, 1946

TOP SECRET AND PERSONAL. Following from Prime Minister for Prime Minister, Begins: Am sure that you would wish to know at once that we have come to the inescapable conclusion that it is necessary for us to have a permanent scheme of compulsory national service for men. You will, of course, be hearing full details in due course, but the main features of the scheme are:

(i) That it is to include every able-bodied man, regardless of class, trade or occupation.

(ii) That the term of embodied service is to be 1½ years, and that thereafter every man is liable to 5½ years' service in the auxiliary forces, i.e., a total of 7 years' service in all.

(iii) That it is to be introduced on 1st January, 1949, the date to which our present compulsory service scheme would remain in operation.

2. You will realize that the economic, industrial and financial implications of this decision are very grave. In the economic field, for example, it is quite clear that the maintenance of forces of the size we contemplate under the scheme will make heavy inroads on man-power which would otherwise be employed in helping to restore the economic life of the country. On present forecasts, it looks as if the gap between availability and requirements in men for all our purposes will be very wide indeed, and we can hardly see how it can be bridged. Similarly, in the financial field, we calculate that the maintenance of our forces under the scheme will cost about 750 million pounds a year. When compared with our average pre-war expenditure on defence, which was not much more than 100 million pounds a year, you will realize what this means.

3. You will remember that during the Conference of Dominion Prime Ministers last April and May, a paper was circulated (P.M.M. (46)31) summarizing the military commitments of the United Kingdom, and the economic and financial implications of the drastic measures that it had been necessary to take in order to fulfil them. It seemed clear from the discussion on this paper that you were much impressed by the burden which this country is bearing in the field of defence, and you agreed to consult your Ministers and technical advisers as to how you could help. We await your views on this point with the utmost interest.

4. You will remember also that a paper by the British Chiefs of Staff (P.M.M. (46)20) on the machinery for inter-Commonwealth collaboration in defence matters was discussed at considerable length during the Conference (see in particular, the Minutes of P.M.M. (46) 10th meeting of 2nd May). There was general acceptance of the broad principles at issue, and all the Dominions' Ministers who were present at this meeting agreed to discuss the

matter with their Ministerial colleagues and technical advisers on their return to their respective countries. We have not yet heard anything further from you on this matter, and I need hardly say that we are most anxious to have your views.

5. I am sending a similar message to other Prime Ministers.

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

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

TELEGRAM 2206

London, November 13, 1946

TOP SECRET. Following for Pearson from Robertson, Begins: Reference my telegram No. 2203 of November 12th.†

1. I took advantage of Ismay's presence at the meeting in Machtig's office to bring up Lord Hankey's public criticisms in the press and in the House of Lords of the Government's Defence White Paper. I said that I thought it surprising that men with Hankey's intimate knowledge of how the pre-war machinery of the Commonwealth Defence consultation had actually worked, and who knew where it had failed to work, should be pressing publicly and with such vigor for the reestablishment of the pre-war Committee of Imperial Defence *eo nomine*. It was perhaps even more surprising that he should be lamenting the lack of provision in the Government's White Paper for regular meetings between the Secretary of State for Dominion Affairs and the Commonwealth High Commissioners in London, as if such meetings had been, or could be, useful or appropriate occasions for concerting consideration of defence questions. More disturbing, because fundamentally more important was his insistence on always bringing discussion on United Kingdom defence policies under the rubric of "Imperial Defence", and his assumption that other countries of the Commonwealth were naturally determining their respective defence policies in the light of this general conception. I mentioned Lord Hankey and Lord Alanbrooke particularly, though the line of argument they have been putting forward publicly recently, has been repeated fairly frequently by less well-informed speakers in Parliament here, and has found a responsive echo in the Australian and New Zealand press.

2. I said that in my private opinion, continued harping on the "Imperial" aspects of defence policy in this country tended to defeat its own purposes, at least so far as cooperation in defence matters between Canada and the United Kingdom was concerned. In the course of the next few months our Government would probably have to face more difficult decisions on questions of defence policy than it had ever had to do in peace time, and that consideration of these major questions arising out of our North

American position could only be made more difficult by the everlasting public emphasis in this country on the Imperial aspects of defence which were not central or even really relevant to the problems of defence policy with which our Government was confronted.

3. I thought that it would be a good thing if some measure of the tact and discretion which the United Kingdom authorities had learned to use in all public discussions on defence arrangements or understandings with the United States, was employed when Canadian interests and preoccupations were involved. Ismay agreed that the United Kingdom's best hope of maintaining the Combined United Kingdom-United States C.O.S. arrangements, to which they attach absolute importance, lay in their saying nothing whatever about them, least of all not boasting about the accretion of strength which could come from such understandings with the United States. I thought very similar considerations should be kept in mind in our case.

4. I am afraid I did most of the talking during a fairly lengthy meeting. Ismay insisted that I was preaching to the converted as far as he was concerned, but he protested that he was powerless to discourage the kind of public discussion that I thought was mischievous. He led tries to dissuade Hankey from criticising the Defence White Paper, but Hankey took a proprietary personal interest in pre-war defence set-up as he had left it, and kept a blind eye for its shortcomings in the pre-1939 period, and refused to recognize the extent to which wartime developments had made it obsolete. He felt that the Opposition would use any stick to beat the Government with, if they felt they could get votes and popular support by accusing the Government of being slack and unenterprising in seeking cooperation and assistance from the Commonwealth countries, they would do so without any qualms of conscience.

5. Machtig said that the Dominions Office recognized the reasonableness from the Canadian point of view of the line I had taken, but said that they were continually being assailed from the other side by Australia and New Zealand, and consequently found it very difficult to devise a general formula that would not create difficulties in their relations with one or other of the Commonwealth countries.

6. I made it clear at the beginning and end of the meeting that I was voicing private worries about recent public developments in the discussions of defence questions over here, and had not been instructed to make any communication to the United Kingdom Government along these lines. At the same time I was probably expressing what would be the general viewpoint of the Canadian Government on these questions. If this general line of argument carries your judgment, I shall continue to pursue it informally on what seem to be appropriate occasions. I do not think anything should be said publicly at this time about the general Canadian attitude toward defence questions, but I do feel strongly that there are some pretty serious misunderstandings about our position in the minds of people who are responsible for formulating general United Kingdom policy in these matters. Ends.

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*Le secrétaire aux Dominions au Premier ministre*  
*Dominions Secretary to Prime Minister*

SECRET AND PERSONAL

[London,] November 14, 1946

Dear Prime Minister,

I hope that you will not think it unbecoming if I take advantage of our friendship to send you a personal message with regard to the unfortunate events and misunderstandings connected with defence problems that have recently emerged.

We are as disconcerted as yourself at the Reuter's despatch about Laycock<sup>1</sup>, which contained not only misleading account of the purpose of his visit but also other information the publication of which is highly injurious. The same applies to the earlier Press report about standardization.

I have been greatly upset by these incidents and I would like you to know that we are instituting the most searching enquiries as to their origin. We regret them exceedingly.

I can well understand that the entirely accidental coincidence of these Press reports with the Prime Minister's telegram of the 9th November, No. 191, has made things more difficult. I can appreciate the point as to the misunderstanding of the wording of the concluding part of paragraph 3 to which exception is taken, but I would like to assure you that the sole purpose of the enquiry was to ascertain the extent to which your Government had been able to consider the papers put before the Prime Ministers' Meeting in May, with a view to being helped here by the knowledge of your reactions to those papers. There was nothing more in it than that. If there is any action that I can take at this end which will be helpful I should be glad to be advised.

Sincerely yours,

ADDISON

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*Le sous-secrétaire d'État aux Affaires extérieures*  
*au haut commissaire en Grande-Bretagne*  
*Under-Secretary of State for External Affairs*  
*to High Commissioner in Great Britain*

CONFIDENTIAL

Ottawa, November 18, 1946

Dear Mr. Robertson,

As you know, Mr. Barrington-Ward, the Editor of *The Times*, was in Ottawa for a few days a week or so ago. During that time he was given an

<sup>1</sup> Major-général temporaire R. E. Laycock, chef des opérations combinées, Grande-Bretagne.

<sup>1</sup> Temporary Major-General R. E. Laycock, Chief of Combined Operations, Great Britain.

official dinner by the Government, at which the Prime Minister presided, while there were many officials present also at the dinner given for him by Mr. Inglis. On both occasions Mr. Barrington-Ward was given a very warm welcome, but at the same time advantage was taken of his presence to let him know discreetly that a good deal of embarrassment and indeed, some anxiety was felt here over the revival in London of the old "Imperial defence" agitation. Indeed, in his after dinner talk at the Country Club, Mr. King, in a very friendly, but none the less significant way, referred to the dangers of this kind of talk. I do not think the point was lost on Mr. Barrington-Ward. In any event it was reinforced at Mr. Inglis' dinner the following day, when as it happens, Mr. King, Mr. Heeney, and I, all mentioned the matter to him in private talks we had with him after the dinner. I was the third in this succession and found Mr. Barrington-Ward impressed to the point of surprise with the fact that we all had brought up the same subject. He, of course, is an understanding person in these matters and I think will go back to London convinced of the undesirability of loose talk in London on such matters. In the talk I had with him I recall a suggestion I made that if *The Times* could drive home to its readers that the old concept of "Imperial Defence" was completely unrealistic in present circumstances, and that even the words should now be abandoned in favour of something like "international defence", it would be doing a great service.

When Mr. Barrington-Ward went to Washington, he had a talk with Mr. Wrong, in which reference was made to his discussions here. It appears from the attached letter† from Mr. Wrong to me that our remarks here were reinforced in Washington.

Yours sincerely,

[L. B. PEARSON]

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

TELEGRAM 406

Ottawa, November 19, 1946

TOP SECRET AND PERSONAL. Following from Prime Minister for Lord Addison, Begins:

My dear Lord Addison: I thank you warmly for your characteristically kind personal message of November 14 received through the United Kingdom High Commissioner. I confess that much that has taken place in the last few weeks in connection with defence problems, as related more particularly to the organization of defence within the Commonwealth, has caused me a good deal of concern.

I thought that at the meeting of Prime Ministers in April and May last it had been agreed by all that, to use the words of Field Marshal Smuts, "we should be very cautious about setting up any new formal machinery"; that "all that was needed was Liaison Officers from the services to be

appointed to the staffs of High Commissioners". Equally, to quote the words of the text of the final communiqué issued to the press on May 23rd, it was definitely agreed:

"While all are willing to consider and adopt practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any rigid centralized machinery. In their view such centralized machinery would not facilitate and might even hamper the combination of autonomy and unity which is characteristic of the British Commonwealth and is one of their greatest achievements."

I thought, too, it was agreed by all, that for very obvious reasons as little as possible in the way of publicity should be given to the defence developments within the Commonwealth, and that above all nothing should be said which again to use the words of Field Marshal Smuts, might create at the present juncture of international affairs, a wrong impression both in and out of the Commonwealth, as to a "ganging up" against any possible future antagonist, or as to any lack of confidence in the United Nations' organization.

Some recent speeches and public criticisms deriving special significance from the sources and occasions on which they were made contain doctrines which are wholly contrary to those formally agreed to at the Conference. Already they have given rise to controversy in our press. The emphasis which in these quarters has been placed on the machinery of Commonwealth Defence, which obviously presupposes rigidity of central control cannot prove other than prejudicial to effective co-operation in defence. The secret of our security lies in close co-operation of a completely flexible character. Each nation of the Commonwealth must be free to contribute in its own way not merely on the basis of a particular group of countries, but in co-operation with all the others and with the United States, towards a general system of security throughout the world. Both within and without the Commonwealth, emphasis on what is called "Imperial Defence", with all the machinery of Imperial Conferences, combined staffs and centralized policy, will only, I believe, serve to create antagonisms in quarters where every effort should be made to further the utmost that may be possible in the way of co-operation.

In reply to Attlee's telegram of the 9th instant<sup>1</sup> I have felt it necessary because of the record to make it clear that no commitments of the kind it seems to imply were made by Canada at the meeting of the Prime Ministers. I have no desire to add to the many anxieties with which he and you and other ministers of the government are faced. My sole aim, as you and he well know, is to occasion for all of us as little in the way of embarrassment now and later as may be possible.

Kindest personal regards.

W. L. MACKENZIE KING

Ends.

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<sup>1</sup> Document 764.

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

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

TELEGRAM 2014

Ottawa, November 23, 1946

TOP SECRET AND PERSONAL. Following for Robertson from Pearson, Begins: Following is the reply from the Prime Minister to Mr. Attlee's telegram No. 191, Begins:

"No. 405.<sup>1</sup> Top Secret and Personal. Following from Prime Minister for Prime Minister, Begins: I have read your telegram No. 191 of November 9th with much interest and some surprise.

The wording of the telegram would seem to imply that as the United Kingdom Government's decision to introduce a permanent scheme of compulsory national service for men will make heavy inroads on manpower and involve a considerably increased financial outlay, there is some obligation on the Canadian Government, as yet unfulfilled, to meet the burden of defence thus created. There is, in addition, the implication that arising out of discussions of Paper PMM(46) 31 at the Conference of Prime Ministers in April and May there has remained and is now some obligation on the part of Canada to help in meeting the military commitments of the United Kingdom and that the United Kingdom is awaiting the view of the Canadian Government on these points with the utmost interest.

Your reference in paragraph 3 to my reaction to Paper PMM(46) 31 is, I think, based on a misunderstanding of what took place last May. When this paper, summarizing the military commitments of the United Kingdom, was brought forward at the Prime Minister's meeting on May 22nd last, my position as stated in the Minutes of the meeting, was that I could make no commitments of any kind in regard to the matter it dealt with and that I would be required to take a somewhat reserved attitude with regard to it. I did not at that time say anything which could be interpreted as promising "help" because the question of "help" did not arise.

Immediately upon my return from the meeting of Prime Ministers, I reported fully to my colleagues on the subjects discussed, and on the matters requiring consideration by our technical advisers as well as by the Cabinet. The whole question of our defence responsibilities has since been receiving very close attention, especially as they relate to the Arctic regions. I shall, of course, be glad to communicate any decisions of interest to the United Kingdom Government in this regard just as soon as they are reached. Because of the number and magnitude of the considerations involved and possible political implications, it has not been possible thus far to reach final conclusions.

<sup>1</sup>Ce télégramme fut expédié le 19 novembre.

<sup>1</sup>This telegram was sent on November 19.

As to the other question which your telegram raises, machinery for intra-Commonwealth cooperation, I thought I had made clear while in London that our government would be prepared to appoint service liaison officers attached to our High Commissioner's office in London, and equally would be prepared to have liaison officers of the United Kingdom services attached to the United Kingdom High Commissioner's office in Canada. Already steps have been taken on our part to carry out what was then agreed upon. It is apparent, however, that the exact relationships and functions of these officials will have to be more clearly defined. I hope to be able to let you have very shortly our views on this matter.

I feel that I should add that unauthorized reports which have been coming out of London on "Imperial defence" matters have caused considerable embarrassment to us here and made the whole position more difficult." Ends.

I sent a copy of this reply to Clutterbuck, and he called on me yesterday to express his worry and disappointment concerning it. He thought that, after his talk with Mr. King and the personal message from Lord Addison, that misunderstandings has been removed. The Dominions Office had given what was practically an apology for the manner in which the telegram was drafted and had also thought that they had removed any suspicions from the Prime Minister's mind that there was a "plot" or that any sinister implications could be read into the telegram. Hence their disappointment over paragraph 2 of Mr. King's telegram. Clutterbuck thinks they will now have to return to the charge and deny that such implications could be read into the earlier telegram. I told Clutterbuck that it would be unfortunate if this exchange of telegrams continued, but he felt that there was now no alternative. He would do his best to see that the United Kingdom reply was short and not unfriendly, merely pointing out that no such implications were intended as those mentioned by the Prime Minister. In that case, I hope that the Prime Minister's answer to this will be merely an acceptance of the London explanation. However, no one can be sure. If you have an opportunity to put in a word against any further reply from London or, if this is inevitable, in favour of as soft a one as possible, it will be helpful. Message ends.

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*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 228

London, December 13, 1946

TOP SECRET AND PERSONAL. Following from Prime Minister for Prime Minister, Begins: Thank you for your message in telegram No. 405 of the 19th November. I am glad to see that you hope to be able shortly to let us have your views as to the relationships and functions of the Service Liaison Officers whom you have attached to your High Commissioner's Office in London.

I shall also be interested to receive from you an account of any conclusions reached by the Canadian Government on Canada's defence responsibilities which you consider are likely to be of interest to us.

I am sorry if our correspondence on this subject has been the source of any difficulty or embarrassment to you. No one regrets more than we do the difficulty which is from time to time created in these matters by wholly unauthorized and misleading statements. In so far as these appear to derive from leakages of official information, we are having the most searching investigations made. But I am sure that you recognize the difficulty that always exists in tracing the source of such leakages. On the more general question of statements made here, I feel sure that you realize as well as I do the difficulty of preventing persons, whether in Parliament or outside, from making irresponsible statements, but I can only assure you that neither I nor any of my colleagues nor anyone holding a responsible position in the service here fails fully to appreciate the Canadian attitude in this matter or is lacking in an earnest desire to display the utmost consideration and understanding. Ends.

771.

DEA/7-CM-1

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

TELEGRAM 444

Ottawa, December 23, 1946

SECRET AND PERSONAL. Following from Prime Minister for Prime Minister, Begins:

1. With reference to your telegram No. 228 of December 13th, the Cabinet have given further consideration to the question of Canadian Service representation in London and to the relationship and functions of the Liaison Officers to be attached to our High Commissioner's Office.

2. We have come to the conclusion that if our Liaison Officers are instructed in the terms set out in paragraph three of this message they will be in a position to perform effectively and to our mutual advantage the important functions contemplated without their appointment involving any of the serious difficulties to which Field Marshal Smuts and I drew attention at the meetings with Commonwealth Prime Ministers last spring.

3. Accordingly, the Cabinet have this week approved the following instructions to our Liaison Officers in London who will be known respectively as Liaison Officer (Navy), Liaison Officer (Army), Liaison Officer (Air Force), and Liaison Officer (Defence Research). Text of instructions begins:

The Canadian Joint Staff Mission in London which was constituted by Cabinet War Committee decision of January 8th, 1945, will terminate its activities and be superseded by a Liaison Officer from each of the Armed

Services and from Defence Research who will be attached to the staff of the Canadian High Commissioner in the United Kingdom.

These officers will be responsible for keeping the High Commissioner informed on matters concerning their respective Services; they will provide liaison, on matters of mutual interest, between their respective Services and the corresponding Services in the United Kingdom.

It will be incumbent upon the Liaison Officers to consult together in matters of joint interest to the Canadian Armed Forces with the object of submitting joint reports on such matters to the High Commissioner and to the Chiefs of Staff Committee, Ottawa. The principles and procedure to govern in the performance of such joint functions will be determined in consultation with the High Commissioner. Text ends.

4. Steps are being taken forthwith to appoint our four Liaison Officers to the Staff of Canada House on the above basis and we feel sure that the functions which they will be able to perform will do much to facilitate the traditional cooperation and co-ordination in defence matters between the Services of our two countries.

5. We have over the past few weeks given a good deal of attention to defence questions, particularly in relation to our joint plans with the United States and before long I expect to be in a position to let you know of the conclusions which are reached which are likely to be of interest to you. In this connection you may know that Mr. St. Laurent and Mr. Bevin had a word together recently in New York.

6. The unauthorized publicity which has appeared in the press on both sides of the Atlantic, over recent weeks, has of course been embarrassing but I appreciate fully the difficulties involved in dealing effectively with this kind of thing.

May I conclude by thanking you for what you have said in your message concerning the Canadian attitude in these matters, and for your own consideration and understanding. Ends.

#### SECTION D

##### COMITÉS IMPÉRIAUX/IMPERIAL COMMITTEES

**772.**

DEA/8490-40

*Le sous-ministre par intérim du Commerce au chef, la direction économique*  
*Acting Deputy Minister of Trade and Commerce to Head, Economic Division*

Ottawa, January 4, 1946

Dear Sir,

Further to our letter of December 19, we have now had an opportunity of reviewing our files relating to the activities of the Imperial Economic Committee and the Imperial Shipping Committee.

The Imperial Shipping Committee, first appointed in June 1920, made a considerable number of investigations at the request of the Canadian Government or of the Canadian representative on the Committee. The principal items of Canadian interest dealt with by the Committee were—

- (a) Canadian marine insurance rates,
- (b) Rates of freight on Canadian flour,
- (c) Certain aspects of the Canadian cattle trade,
- (d) Rates of freight on Canadian apples to the U.K.,
- (e) Questions relating to the shipment of grain through the Canadian ports of Halifax and Saint John,
- (f) Hudson's Bay marine insurance rates.

The results of investigations of Canadian problems by the Committee have been helpful. In the case of Hudson's Bay marine insurance rates, these were reduced and, as I recall, the extra insurance rates on hulls of vessels trading to Saint John were eliminated, i.e., Halifax and Saint John were put on a par with U.S. Atlantic ports in the matter of hull insurance rates.

It is our view that the Imperial Shipping Committee has rendered good service to the Commonwealth, and we would be in favour of its continuation, as it has accumulated much data and experience in shipping problems affecting the Commonwealth. Apart from the investigations which it made on Canada's specific initiative, it covered a wide field of other studies, many of which were of general interest to Canada.

With regard to the Imperial Economic Committee, it is difficult at the moment to judge to what extent there will be a renewed need for the services that this Committee is capable of providing, and whether such services, if continued, are likely to be of specific and substantial benefit to Canada. The changed conditions of world trade will make it necessary to consider carefully the duties that any reconstructed Imperial Economic Committee might best undertake. A good deal will depend upon the manner in which the functions of the F.A.O. are developed, as well as the functions of other international trade organizations, which are, or shortly will be, in process of being set up.

Our immediate view is that it would certainly be wise to refrain from scrapping the machinery provided by the Imperial Economic Committee until it is clear that there will be no real need for retaining it. We would accordingly recommend that the continuation of the Committee be sympathetically considered, if such is the desire of the other Empire countries, but that its operations should be kept at a minimum for a year or two until we are in a better position to judge whether, by reason of the scope and character of the United Nations organizations, there would be any explicit advantage in carrying on the Imperial Economic Committee.

Yours faithfully,

OLIVER MASTER

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DEA/8490-40

*Le sous-ministre de l'Agriculture au chef, la direction économique*  
*Deputy Minister of Agriculture to Head, Economic Division*

Ottawa, February 20, 1946

Dear Mr. Pierce,

I regret that reply to yours of December 17th, with respect to the future of the Imperial Economic Committee, has been overlooked.

In the light of developments in the international field, and particularly the establishing of the Food and Agriculture Organization, I am doubtful that there is any special need for continuing the Imperial Economic Committee. Its work, in the latter stages particularly, was not too well defined and while some useful reports came to this Department from time to time I am inclined to think that similar information can readily be obtained through various other sources, both national and international. Many of the national services have been expanded and developed since the time the Imperial Economic Committee commenced work and naturally more information is available through them than used to be the case.

It would appear to me, therefore, that it would be difficult to justify continuing the Imperial Economic Committee from the standpoint of either necessity or the character of the work which it might be expected to undertake.

Yours very truly,

H. BARTON

774.

DEA/8490-40

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

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

DESPATCH 1307

London, August 23, 1946

Sir,

I have the honour to refer to your despatch No. 2235 of the 12th December, 1945, concerning the Imperial Economic Committee. I have now received a request from the Secretary of the Committee for assistance from Canadian Government in finding personnel.

2. You will recall that in my despatch No. 1840 of 18th September, 1945, I communicated to you proposals for the resumption of activities by the Imperial Economic Committee. At the same time these proposals were also transmitted to the other member governments. Replies accepting these pro-

posals have now been received from nearly all the governments concerned and a start has been made in the recruitment of staff and the collection of material necessary for the Committee's work. Progress however largely depends on the recruitment of staff of suitable calibre to replace those who either have resigned to take up other employment or have been killed on war service; the extent to which this is necessary may be seen from the fact that only one of the five former Section Officers and not more than one or two of the former Grade A Assistants seem likely to become available.

3. You will appreciate that it is not easy at the present time to secure men who have been trained in the type of work which the Committee will have to undertake. The Finance Committee are therefore seeking the assistance of member governments in this matter and have requested me to enquire whether the Canadian Government would cooperate by making available, on at any rate a temporary basis, the services of any of their officers who by their experience might be qualified for the Committee's employment. The Secretary has represented to me that not only would this be consonant with the constitution of the Committee but also that the experience gained by such officers while serving for a time with the Committee should be valuable to them when they return to serve under their own government. I am attaching a brief note† which sets out the character of the employment under the Committee and the qualifications or experience desirable.

4. In paragraph 5 of my despatch No. 1840 of 18th September, 1945, I expressed the opinion that the activities of the Imperial Economic Committee would inevitably become more redundant as time went on, particularly in view of the creation of new agencies charged with comparable responsibilities. I can think of no grounds for modifying that opinion. I might add that I was the Canadian representative on the Imperial Economic Committee for a number of years, in my capacity as Chief Trade Commissioner in the United Kingdom, and my experience on the Committee does not lead me to expect that its continuance would be of value to Canada.

5. However, I gather from your despatch No. 2235 of 12th December, 1945, that a decision has been taken to continue participation in the work of the Imperial Economic Committee. In view of that decision, I should be grateful if you would inform me how it is proposed Canada should be represented. The Secretary has written to remind me that under its constitution the membership of the Imperial Economic Committee includes two members nominated by the Canadian Government. At the present time, according to the records of the Committee, I personally am one of the representatives of the Canadian Government, while the other Canadian seat is vacant.

6. Several times in the last few months I have been invited to attend meetings at which plans have been considered to resuscitate the Imperial Economic Committee. In each case because of shortage of staff in this office it proved impossible for me to be present or send a representative. So far as I can see, the pressure on the available staff here is not likely to be relieved

in the near future. In the light of this continuing situation I should be obliged if you would give me some guidance as to the degree of importance which you attach to the work of the Imperial Economic Committee.

I have etc.

FREDERIC HUDD

775.

DEA/8490-40

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

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

DESPATCH 1472

Ottawa, September 4, 1946

Sir,

I refer to your despatch No. 1307 of August 23rd, on the subject of the Imperial Economic Committee, in which you ask whether we could make personnel available for the Committee and the degree of importance we attach to its activities.

We are unable to supply personnel largely because of the heavy demands made on us for international conferences. Most of the Government Departments are understaffed in the type of men which the Committee would require.

In replying to the enquiry which you received, I feel you might well go further and point out with some vigour that the Imperial Economic Committee ought not to try to map out a substantial programme and to recruit a staff of any size until the new international organizations in the economic field have defined their position. It is more than probable that a range of the activities of the Economic and Social Council, a good deal of the work of F.A.O., and much of the field to be occupied by the I.T.O. will impinge on the work hitherto attempted by the Imperial Economic Committee.

Thus, while we have not attached a great deal of importance to the work of the Committee in the past, we expect that there will be less useful work for it to do in the future. You mention that in our despatch No. 2235 of December 12th, 1945, we had decided to continue participation in the Committee's work. This decision reflected our unwillingness to take the definite position that it should be discontinued, but it did not indicate that we placed any great store on its activities. Our general line now is that we are not yet ready to suggest its discontinuance but we shall certainly not "strive officiously to keep alive." We would like to be able to revert to the question of its continued utility in a year or two.

On the subject of our representation at meetings, we should prefer if at all possible to leave matters much as they now stand.

I have etc.

SYDNEY D. PIERCE  
for the Secretary of State  
for External Affairs

776.

DEA/5720-40

*Mémorandum du secrétaire, le Comité interministériel  
sur la politique pour la marine marchande*

*Memorandum by Secretary, Interdepartmental Committee  
on Merchant Shipping Policy*

CONFIDENTIAL

[Ottawa,] December 27, 1946

IMPERIAL SHIPPING COMMITTEE; CANADIAN PARTICIPATION

The following is a copy of the telegram sent by the Department of External Affairs to the High Commissioner for Canada in the United Kingdom, in accordance with the decision of the Interdepartmental Committee on Merchant Shipping Policy at its meeting of December 19th, (Minutes, para. 4):

Ottawa, December 21, 1946.

1. Question of Canadian attitude toward revival of Imperial Shipping Committee was discussed by Interdepartmental Shipping Committee December 19, 1946.

2. Committee considers (a) that while I.S.C. has done good work in the past it is very doubtful whether in changed conditions it has either present or future usefulness for Canada; (b) that in the absence of evidence to contrary there seems danger of confusion and duplication of function between I.S.C., I.L.O., Inter-Governmental Maritime Consultative Organization and even Caribbean Commission. We are aware that the last named have for some time had underway study of all forms of transportation in Caribbean area; (c) that in view of our doubts expressed above and evident interest of United Kingdom in revival of I.S.C. onus is upon United Kingdom to demonstrate general need and to outline future work envisaged for the resuscitated body having in mind activities of organizations mentioned above.

3. If you agree you might approach United Kingdom authorities and suggest that members be given opportunity to discuss the need for resuscitating I.S.C. before that action is finally taken. If on examination it is found that in fact, there is useful work in prospect and there is general Commonwealth support for continuance, we would be willing to consider further our continued participation.

4. If the Committee is to be continued (a) Sir Clement Jones would be acceptable to us as Chairman (b) we would not raise objection to £1,200 per annum or a little more for Chairman. We would be willing to canvass possibility of filling one or two of the vacant Committee seats.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS"

M. McCLUNG

SECTION E

NATIONALITÉ/NATIONALITY

777.

W.L.M.K./Vol. 244

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] April 19, 1946

RE PROPOSALS FOR A COMMONWEALTH MEETING ON NATIONALITY

Last fall, and again during the time Mr. Martin and Mr. Read were in London for the meeting of the United Nations assembly, the United Kingdom authorities raised the question as to the possibility of holding a meeting of Commonwealth representatives to give consideration to what they think are aspects of general Commonwealth interest in the new Canadian citizenship Bill.<sup>1</sup> The proposal of last fall was made to me verbally by Mr. Stephen Holmes. I tried to discourage it at that time, and I am attaching a copy of a note† that was prepared on our conversation giving the details. The original proposal for a conference has now been somewhat narrowed to a suggestion for a "meeting of legal experts". The essentials of this proposal are contained in the attached dispatch from London.† The idea is to hold the meeting after our Bill passes but before it goes into effect.

In general, the United Kingdom view is that the Canadian Bill represents a departure in principle from the existing scheme of nationality legislation in the countries of the Commonwealth. At present we, the United Kingdom, Australia, New Zealand, South Africa and Newfoundland have legislation that provides virtually identical definitions of "British subject". (Ireland is an exception. Under her 1935 legislation an Irish citizen is not a British subject at all). The general scheme was agreed on in 1914 and common recognition of the status accorded by naturalization in any of the countries was then and has

<sup>1</sup> Le projet de loi sur la citoyenneté, Bill n° 20, fut présenté à la Chambre des communes pour première lecture le 22 octobre 1945. Le Bill fut modifié et présenté de nouveau à la Chambre au printemps 1946. Il passa en troisième lecture le 16 mai 1946. Voir loi dans *Statuts du Canada*, 10 George VI, chapitre 15.

<sup>1</sup> The new citizenship Bill, Bill No. 20, was presented to the House of Commons for first reading on October 22, 1945. The Bill was modified and again presented to the House in the Spring of 1946. Third reading was on May 16, 1946. For Act, see *Statutes of Canada*, 10 George VI, Chapter 15.

since been based on the community of definition. This basis has proved unsatisfactory, since it meant that there was practically no room for flexibility to suit the peculiar needs of any particular country. In another aspect, the scheme meant that the basic nationality status was that of "British subject", and any nationality definition associated with a particular country could only provide for a subordinate and relatively unimportant status. To avoid this difficulty a different method of approach has been adopted in the new Bill. Instead of having the old common definition of "British subject", we have defined "Canadian citizen" in terms that depend basically on the same factors but which involve certain departures that we thought desirable. We then say that "a Canadian citizen is a British subject", and, on the other hand, we recognize the status of British subject that is accorded by another country of the Commonwealth to one of its citizens, no matter how such status of British subject may be defined by that country. In short, it might be said that the old basis was one of *identical definition*, while we have adopted a basis that might be called *mutual recognition* of possibly disparate definitions.

We have sent copies of our Bill to all countries of the Commonwealth (October 12, 1945 and March 23, 1946) and none but the United Kingdom has evinced any particular interest with regard to the question of the status of British subject. It is suggested in the attached dispatch that Australia may follow our example and on April 9 a press dispatch stated that the Australian Cabinet "approved the principles" embodied in our Bill. Mr. Hearne, the Irish High Commissioner, has expressed personal interest in the effect of the Bill on the status of Irish citizens, but there have been no representations from the Irish government. They, of course, have no interest in the status of "British subject".

The United Kingdom suggestion for discussion is based on the conclusions of the Imperial Conferences of 1930 and 1937. The relevant conclusions of the Conference of 1930 were as follows:

2. That, if any changes are desired in the existing requirements for the common status, provision should be made for the maintenance of the common status, *and the changes should only be introduced* (in accordance with present practice) *after consultation and agreement among the several Members of the Commonwealth.*

3. That it is for each Member of the Commonwealth to define for itself its own nationals, but that, so far as possible, those nationals should be persons possessing the common status, though it is recognized that local conditions or other special circumstances may from time to time necessitate divergences from this general principle.

4. That the possession of the common status in virtue of the law for the time being in force in any part of the Commonwealth should carry with it the recognition of that status by the law of every other part of the Commonwealth.

At the 1937 Conference the following were the relevant conclusions:

1. It is for each Member of the British Commonwealth to decide which persons have with it that definite connection—which would enable it to recognize them as members of its community. It is desirable, however, to secure as far as possible uniformity in principle...

... it is recommended that *any member contemplating passing a law on the membership of its community, should submit the proposals to the other members of the Commonwealth* so as to enable them to offer observations thereon, if they feel so inclined.

We have fully met the latter obligation. We sent an outline of our Bill to all countries of the Commonwealth on September 27, 1945, and copies of the Bill on October 12. We also sent copies of the Bill as revised for its recent introduction on March 23. The British, however, feel that paragraph 2 (above) of the 1930 conclusions requires "consultation and agreement" in this case, since our Bill affects "the existing requirements for the common status". In actual fact the change in the "requirements" under our Bill are very slight and in almost all cases represent a tightening of qualifications. We have pointed to these facts and to the fact that no other country has expressed a desire to hold a meeting. We have not argued the point, but if it seemed desirable as a matter of policy, we might perhaps take the view that the 1937 decisions supersede those of 1930, and that consultation is not strictly necessary.

Acceptance of the United Kingdom suggestion for a discussion might give rise to a number of difficulties. It is clearly impossible to hold a purely "legal" discussion on this matter. Even if our approach were unanimously accepted there would still be questions of political policy that would conflict with strict legal considerations in many instances. However, the prior question of the entire basis of approach to the nationality question is one of policy and not of law. There is, moreover, possible difficulty in the very fact of holding a conference. It would vitiate the psychological and political value of our proceeding to Canadian nationality through purely national action. Again, if there is disagreement, or attempt to secure amendments from us which we do not wish to make, there is the possibility of raising a domestic controversy on imperial issues—a controversy that has thus far been completely avoided.

On the other side is the 1930 report and also the fact that it is now public knowledge that the U.K. has suggested a Commonwealth discussion. The matter became public on April 9 when Prime Minister Chifley of Australia stated that his Cabinet had approved their being represented "at a British Commonwealth Conference to discuss proposed legislation on one nationality operating generally in British Commonwealth countries".

Apart from these basic problems in the proposal, there are a number of other points to consider:

1. *The position of Ireland.* The British apparently contemplate not having Ireland present. Certainly there could be no unanimity if Ireland were there, but it seems undesirable to leave Ireland out of the first technical discussion of a non-war question between members of the Commonwealth.

2. *The place of meeting.* If a meeting is to be held, New Zealand and South Africa would prefer it to be in London because of transportation considerations. Australia has also suggested that the meeting be held in London

“possibly in June, immediately after the Peace Conference in Paris”. The United Kingdom would probably prefer that, but would be willing to come to Ottawa. If London is the locus, a meeting after the consultations with Prime Ministers in May might be relatively obscure and not attract too much attention. A meeting in Ottawa would have the merit of avoiding the appearance of our going to London to have blessing given to the new Bill, but it would attract more attention and might rouse some domestic controversy over imperial and national issues.

3. *The time of meeting.* If we are to attend any meeting, it might be well to hold it soon, so as to clear the matter up as quickly as possible. The Bill has had a desirable domestic reaction, and should go into effect fairly soon.

4. *Canadian representation.* The meeting sought is a technical one and it would be undesirable to give it the emphasis of representation by a Cabinet minister. Our representatives would have to be aware of the political considerations that are involved in the new Bill, and at the same time fully conversant with the complex details of nationality legislation. Mr. Read would have made an ideal representative, but he is no longer available.

The immediate questions for decision are:

1. Whether we should agree to a meeting at all.
2. If we agree to a meeting—
  - (a) whether it should be in London after the Prime Ministers' meetings, or after the Paris discussions; or
  - (b) whether we should try to have it held in Ottawa, and if so, when.

The United Kingdom had hoped that we would let them have our answer before this, but other problems have been more immediately urgent. In view of the publicity that has been given to the proposal we should, however, try to send an answer at an early date.

N. A. R[OBERTSON]

778.

W.L.M.K./Vol. 244

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

[London,] June 6, 1946

As I informed you yesterday, the meetings which have been held during the last week to discuss nationality problems have now concluded in a manner which is, I think, quite satisfactory from our point of view.

<sup>1</sup>De R. G. Robertson du cabinet du Premier ministre au Premier ministre. Le Premier ministre et le groupe qui l'avait accompagné à la réunion des Premiers ministres du Commonwealth fin mai, dont R. G. Robertson, étaient encore à Londres à cette date.

<sup>1</sup>From R. G. Robertson of the Office of the Prime Minister to the Prime Minister. The Prime Minister and the group which had accompanied him to the Meeting of the Commonwealth Prime Ministers in May, including R. G. Robertson, were still in London at this time.

The first meeting, which was held on May 30th, was the most important of the series, and established the main conclusions that were arrived at. At that meeting Sir Alexander Maxwell, for the United Kingdom, said that they felt that the Canadian Bill represented an entirely new approach to the question of nationality within the Commonwealth and that, for that reason, it was very desirable to have its implications examined by the other countries which would have to give new consideration to their own nationality laws. He added that the Canadian basis of approach involved certain problems for the United Kingdom which did not mean that the approach was undesirable but which did suggest the necessity of having careful consideration given to the whole matter, so that the best possible adjustment could be made. He then called for comments of the representatives of the other countries.

Mr. N. A. Robertson explained the general background of our Bill and enlarged upon certain features of it, to which I gave further explanation at subsequent meetings, when specific questions were raised. After Mr. Robertson's statement, Professor Bailey, the new Solicitor General of Australia, spoke on their behalf and said that the Australian Government not merely approved, but was enthusiastic about the principles embodied in the Canadian Bill. He felt that the psychological approach in the Canadian measure, which gave primary emphasis to the local nationality, was sound and met many of the problems which Australia had in common with Canada. He thought that the Bill embodied no serious difficulties or dangers and demonstrated an approach that would be desirable for general adoption.

The New Zealand and South African representatives expressed views in accordance with those of Mr. Bailey, and Dr. Wessels, for South Africa, expressed the opinion that the general trend had to be in the direction of the principles embodied in the Canadian Citizenship Bill.

In the light of the above comments, Sir Alexander Maxwell said that it seemed clear that it would be desirable to have a full conference of experts at a later date to give thorough and detailed consideration to the way in which the principles of the Canadian Citizenship Bill could be adapted for general application by the other countries of the Commonwealth as well. He felt that the most useful approach would be for the matter to be considered carefully by the responsible officials of each Government and taken up with their Ministers, in order that a full exchange of views might take place, which could lead to an exhaustive examination at the later meetings and to definite conclusions. He recognised that no substantive amendments could be made in the Canadian legislation.

Mr. Robertson felt that on the basis proposed, in which the objective of the new meetings would be to secure the general adoption of the Canadian basis of legislation, there were no serious problems or difficulties involved in our agreeing to attend such a meeting, and said that he would report favourably on the matter. The other Commonwealth representatives were strongly in favour of having the meetings as suggested, some time in the Fall.

It was agreed that no publicity whatever should be given to the fact of the present meetings or to the intention to hold further discussions later this year.

I am attaching hereto a copy of the Minutes of the first meeting† in case you wish to examine them.

R. G. R[OBERTSON]

779.

DEA/8204-D-40

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

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

TELEGRAM 1775

Ottawa, October 11, 1946

Following for Robertson from Pearson, Begins: Dominions Office Circular D. 862 of September 18th† concerning postponement of conference on nationality. You will recall that at the Prime Ministers' meeting last spring there was a discussion of the new Canadian Citizenship Act, as a result of which it was agreed that a meeting of Commonwealth countries should be held in London to give technical consideration to the possibility of general revision of citizenship legislation. The United Kingdom have now suggested January 1947 as an appropriate time for this meeting. Mr. Martin, who would like to attend, will not be able to be in London at that time and is anxious to have a further postponement, even though he might not be able to go later in 1947. Could you find out whether such a further postponement would arouse much opposition in London? If not, we will go ahead on that basis. If there is opposition, then we will have to consider possibility of alternative representation for Canada at the January meeting. Ends.

## SECTION F

### DIVERS/MISCELLANEOUS

780.

DEA/3796-A-40

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

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

London, April 11, 1946

Dear Mr. Robertson,

In your despatch No. 359 of February 25th† you authorised us to consider with the Foreign Office the establishment of regular channels of communication for the handling of consular matters in countries where Canada is not

directly represented. We have attempted to analyse present procedures used by various departments in Canada House and to make some recommendations. I am attaching a copy of a draft memorandum which has been prepared for preliminary and informal discussion with the Consular Department of the Foreign Office. It represents only the tentative suggestions of members of the staff, and the Foreign Office understands that it is not an expression of the views of the Canadian Government at this stage. A copy has also been sent to the Canadian Immigration Officer for his consideration. There may be some further delay before we are able to send to you the results of our discussions with the Foreign Office on this matter, and in the meantime you may wish to see a copy of this preliminary draft.

I am attaching to the draft a paragraph concerning the question as to whether the Foreign Office representative should be expected to give the Canadian Government advice. For obvious reasons this was not included in the draft which has been sent to the Consular Department.

Yours sincerely,

VINCENT MASSEY

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Projet de mémorandum du haut commissariat en Grande-Bretagne*

*Draft Memorandum by High Commission in Great Britain*

London, [n.d.] 1946

THE HANDLING OF GENERAL CONSULAR MATTERS IN COUNTRIES  
WHERE CANADA IS NOT DIRECTLY REPRESENTED

Since the end of hostilities in Europe there has been a large increase in the number of matters of a general consular nature arising in countries where Canada has no direct representation. No doubt because of the development of special war-time practices and the interruption of pre-war methods there is at present considerable confusion as to the channels of communication. In some cases these problems are dealt with by direct communication from the Department of External Affairs to the British Mission on the spot. In other cases they are handled through Canada House, and in still other cases by direct communication from External Affairs to the Dominions Office. It is highly desirable that confusion be avoided by the establishment of regular rules of procedure. The chief purpose of these rules should be to speed up communications and to remove unnecessary work from both Canadian and United Kingdom authorities.

2. The following seem to be the principal alternatives to be considered:

(i) It might be established as a general rule that the Department of External Affairs should communicate direct with the British Missions on the

spot, and the British Mission should be instructed to communicate direct with the Department of External Affairs.

(ii) All communications might be channelled through London, that is, External Affairs should send communications to Canada House for transmission to the Dominions Office or direct to the Foreign Office to be sent on to the British Mission on the spot.

(iii) Either of the above methods might be supplemented by the use, where possible, of Missions in Ottawa of countries in which Canada is not directly represented—for example, Sweden, Switzerland, Poland, Czechoslovakia, Turkey, Yugoslavia and Italy. (Such procedure has been suggested by Ottawa in despatch No. of [sic] for seeking information about persons believed to be ill-treated.)

3. For a number of reasons the first alternative seems to be the most practical. Transmission through London is unnecessarily slow because of the pressure of work in Canada House and in the Foreign Office. As far as Canada House is concerned, such an arrangement as No. (ii) would necessitate an increase in the staff. There are objections, furthermore, to the introduction of a third party in matters which are better solved by communication between two parties. It is believed that the Foreign Office themselves prefer direct communication. The use of No. (iii) method along with No. (i) is a matter on which the Department of External Affairs is better able to decide. It would serve to relieve the pressure on British officials. It may be doubted whether equally good results could be obtained by a Minister in Ottawa as by a British official on the spot. On the other hand, foreign representatives in Ottawa might be anxious to press the matter in order to be helpful to the Government to which they are accredited.

4. If direct communication from Ottawa to the Mission is adopted as the general rule it is possible that there might need to be certain exceptions which would require handling through Canada House. The following seem to be the principal exceptions:

(i) *The Repatriation of Canadians from Europe.* Channels for handling these matters have been developed during and since the war by the Special Section, and there seems to be no good reason for changing them at a time when the number of repatriates is greatly diminished.

(ii) *Property Claims.* Up to date claims by Canadians for properties in enemy and formerly-occupied Europe have been handled through Canada House. This special procedure has been adopted because of the necessity of working through the agencies set up by the United Kingdom Government in London to handle such matters. It has also been necessary because the channels for handling such matters have had to be evolved in consultation between Canada House and the United Kingdom Departments concerned. Now that these channels are more or less established, consideration might be given to the possibility of direct communication. If it is necessary to have a Canadian

representative in London keeping in touch with United Kingdom authorities on these matters this responsibility might be transferred to the London Representative of the Custodian, whose Department in Ottawa is responsible for the registering of all claims. (It should be kept in mind that although property claims in Germany are now handled through the Canadian Military Mission in Germany there are an equal number of claims in Austria, Czechoslovakia, Poland and other countries which are still handled through Canada House).

(iii) *Immigration and Naturalization.* The Commissioner for European Emigration in London, because of his responsibility for all Europe, may wish to handle, or at least be kept informed, of all cases concerning immigration and naturalization arising in Europe.

5. There will always be cases in which some direct communication between United Kingdom and Canadian officials is necessary. This will be particularly the case when political considerations are involved. Although British Consuls or other representatives may be acting for His Majesty's Government in Canada it will be difficult to ask them to follow policies inconsistent with those which they would follow when they are acting on behalf of His Majesty's Government in the United Kingdom. Recently a case of a Canadian being held by the Polish Security Police was handled directly between Ottawa and Warsaw. In view of questions of high policy involved, however, it was considered necessary for the Foreign Office to intervene by personal communication with Canada House.

6. If direct communication between Ottawa and the Mission on the spot is agreed upon as a general rule, the question arises as to whether copies of all correspondence should be sent to both United Kingdom and Canadian representatives in London. At the present time United Kingdom policy in most of these cases seems to be to instruct their representatives to send copies to the Foreign Office. The Foreign Office in turn provides copies to Canada House. Copies of telegrams between Ottawa and the British Mission which pass through the Dominions Office come to Canada House. On the other hand, it is not the policy of the Department of External Affairs normally to send to Canada House copies of its communications to British Missions, and in few cases is there a complete file in Canada House on any of those cases handled directly. In this matter it would be proper for the Canadian Government to follow the wishes of the Foreign Office, whose representatives are handling these matters on our behalf. In view of the probability of personal discussions in London on any particular subject there would be advantages in having, either at Canada House or at the Foreign Office, but not necessarily in both places, a complete file of correspondence of all cases. The Foreign Office may, of course, wish to have a record of the work being handled by its agents. In any case, it would be desirable to ask the Foreign Office how many copies of varying kinds of documents it requires, so that in no case should the Foreign Office have to make copies of documents on our behalf.

PRESENT CHANNELS OF COMMUNICATION WITH UNITED KINGDOM  
DEPARTMENTS ON CONSULAR MATTERS:

7. *Germany*: In spite of the establishment of the Canadian Military Mission in Germany there are still several matters which are handled through Canada House, for example:

(i) Reports on property claims initiated through United Kingdom authorities before the establishment of the C.M.M. in Germany.

(ii) Final stages in the repatriation of Canadians.

(iii) Matters concerning distressed Canadians in the French and United States Zones. (It is expected that these will be transferred shortly to the C.M.M. Questions concerning the Russian Zone are being handled both through the Canadian Embassy in Moscow and through the C.M.M.)

8. Correspondence concerning property claims is addressed to Miss J. M. Wardale in the Dominions Office. Special Section correspond direct with United Kingdom Consular Representative in Germany. Other general matters concerning Germany may be handled by direct communication with the Control Office for Germany and Austria, Norfolk House, St. James's Square.

9. *Austria, Bulgaria, Roumania*: In view of the fact that the British Missions in these countries are still of a military nature, relations are handled by the War Office rather than the Foreign Office. Communications from Canada House on general matters, including property claims, go to the Dominions Office. Special Section, however, corresponds direct with the United Kingdom Consular Representative in Vienna. It is expected that Roumania will shortly become the responsibility of the Foreign Office in view of the recognition of the Roumanian Government.

10. *Bulgaria, Finland, Siam, and other former neutral or allied States*: Relations with these countries are handled through the Foreign Office. Communications, therefore, should be addressed to Mr. G. C. Allchin, Consular Section of the Foreign Office, or in the case of property claims to Mr. C. J. Edmonds, Consular Section, Foreign Office. It is believed to be the desire of the Foreign Office that communications should be with the Consular Section rather than the Political Division concerned, unless political policy is involved.

11. *Japan*: No consular matters with regard to Japan have come through this Office and the channels used by the Canadian Government are not known.

12. The Foreign Office request that three copies of all documents and also of an accompanying despatch or letter should be sent to them. The Dominions Office ask, however, for only one copy of each document, provided another copy is available in this office if required for reference in London. The single valid copy of any legal document, however, should be retained in Ottawa or in this Office, as neither the Foreign Office nor the Dominions Office wishes to be responsible for forwarding it unless it is needed on the spot.

13. Limited postal communications have been re-established with all European countries, including Germany. In view of the very great pressure on the

United Kingdom Departments concerned, no request should be made to transmit documents unless there is some valid reason why they cannot be transmitted by ordinary post. Claimants are expected to communicate with their own attorneys in the country concerned, by post, and not through diplomatic bag. In some cases this will mean cutting off facilities for those who, at an earlier stage, were granted special privileges because of the absence of postal communications and the troubled situation on the Continent. It is not possible to establish definitive rules on this matter, but discretion should be used in making requests. For example, it might be assumed that documents have a better chance of reaching Czechoslovakia than Bulgaria, and the Foreign Office might be asked to transmit documents to the latter country which it should not be asked to send to the former. Only if there is some urgent reason should personal letters be sent by diplomatic channels. On the other hand, the Foreign Office is prepared to send along documents which will assist them in protecting the property of a British subject.

14. The question also arises as to the handling of consular matters of this kind which originate in applications direct to Canada House. Such applications come sometimes from Canadians in the United Kingdom and sometimes from Canadians in Canada who apply direct to the High Commissioner for assistance. If there is some urgency about these cases it may be necessary to act upon them without reference to Ottawa. It is desirable, on the other hand, that action should not be taken which is inconsistent with policy being followed by External Affairs. Furthermore, as a general principle it is desirable to use the standard channels at all times in order to avoid confusion.

#### CONSULAR MATTERS IN INDIA AND THE COLONIES

15. Canadian consular matters in parts of the British Empire where there is no direct Canadian representation are frequently handled through Canada House in direct communication with the India Office, the Burma Office, or the Colonial Office. In the case of the West Indies, and possibly elsewhere, the Department of External Affairs communicates at times with the Colonial Secretary. Consideration might be given to ways and means of establishing more expeditious means of communication, particularly with India and Palestine.

[PIÈCE JOINTE 2/ ENCLOSURE 2]

*Paragraphe omis du projet de mémorandum*

*Paragraph omitted from Draft Memorandum*

The question as to whether a United Kingdom Mission should seek to give advice to the Canadian Government on matters which it is asked to handle is one which requires some consideration. Some time ago the United Kingdom

Ambassador in Venezuela was asked to take action by the Canadian Government. He indicated to the Foreign Office that he did not agree with Canadian policy in this matter, and wished to let the Canadian Government have his views. The Dominions Office refused to allow his advice to be passed on to the Canadian Government on the ground that it was not his place to express opinions as to Canadian policy. While it would obviously be undesirable that a United Kingdom official should give advice simply because Canadian policy was not advantageous to United Kingdom policy, nevertheless the advice of the British representative on the spot might frequently be helpful. This is obviously a matter on which general rules can scarcely be laid down. Advice of this kind might best be given informally by the Foreign Office to Canada House. It might also be agreed that the Department of External Affairs should specifically ask for the advice of the British representative if it considers this would be helpful.

781.

DEA/6133-40

*Le deuxième secrétaire, le haut commissariat en Grande-Bretagne,  
au sous-secrétaire d'État associé aux Affaires extérieures*

*Second Secretary, High Commission in Great Britain,  
to Associate Under-Secretary of State for External Affairs*

PERSONAL AND CONFIDENTIAL

London, May 1, 1946

Dear Mr. Wrong,

Recently I have been somewhat disturbed by the attention which has been paid in the press here to the significance of recent developments with regard to Commonwealth representation in the Pacific. In many of the editorials on Commonwealth relations which there have been in the past month or more, reference has been made to the appointment of an Australian to represent the Commonwealth, or at least part of it, in Japan. You were, I believe, rather unhappy at the time about possible implications, although we were not in a very good position to protest if other parts of the Commonwealth wished to choose an Australian to represent them.

The Australians are apparently welcoming this development as a triumph for Dr. Evatt's particular theory on Commonwealth policy: that is, that the Commonwealth might well be divided into regions in each of which the Commonwealth country with predominant interests should be the mouthpiece of the whole Commonwealth. This facile theory is very attractive at first glance, but quite impossible as a general principle. Sensibly applied in a limited way, and ad hoc, it might have some value. South Africa's primary interests in Africa, and Australia's and New Zealand's primary interest in the South-West Pacific need not be emphasized. The suggestion, however,

that Canada should speak for the Commonwealth in the Western hemisphere, or that the United Kingdom should speak for the Commonwealth in Europe are quite as unacceptable as any suggestion that Dr. Evatt's principle should be carried to the extent that Australia would speak for all in Indonesia, or India, or China.

I have always suspected that Dr. Evatt's support of Canadian arguments against a common foreign policy was dangerous because it was based on entirely different motives from our own. He was concerned only with securing a louder voice for Australia whereas we, although we were perhaps rationalizing on the basis of our own political and geographical situation, have evolved a theory of Commonwealth relations which we think is as much in Australia's as Canada's interest. To secure his end Dr. Evatt would use any argument. He would even suggest that if Australia could largely determine Commonwealth policy in the Pacific he would be prepared to concede the United Kingdom the same priority to decide Commonwealth policy in Europe. However, in practice he has rarely been willing to concede Dominion status to the United Kingdom, and it seems doubtful if he would play fair. He is raising quite a fuss about Australia's right to an independent voice on the settlement in Trieste, for example, and it would be interesting to see what would happen if we claimed a right to interfere in United States-Australian relations.

It now looks, however, as if Dr. Evatt, far from being an ally in the discussions on a "common foreign policy" is going to be a very difficult adversary. I have this morning had a brief look at a document presented by the Australian Government at the current meetings here summarising Australian External Affairs policy in general. Its conclusion is somewhat alarming. After referring in glowing terms to the satisfactory nature of the present arrangements for Commonwealth representation in Japan, the document states that this new concept tends to reconcile full Dominion autonomy with full British Commonwealth co-operation. The machinery of the Commonwealth, it states, has now reached the stage where a common policy can be carried out through a chosen Dominion instrumentality in an area, or in relation to a subject matter, which is of primary concern to that Dominion. This principle is said to be capable of extension, and to suggest the possible integration of British Commonwealth policy at a higher level by a new procedure.

The implications of such a policy are, I should think, totally unacceptable to us. It goes without saying that this unitary conception of the Commonwealth is not made more attractive to us, and is probably less so, because some other country than the United Kingdom might on occasion speak for us all. If this view is pressed by Dr. Evatt, and I should think it very well might be, it could revive again this whole unhappy question. Dr. Evatt's suggestions have a specious attraction, and will carry a good deal of weight with many well-meaning people in this country because they come not from the United Kingdom but from one of the enfranchised nations. I do not know whether the

Australians are aware of the fact that this theory is not likely to be received by us with any favour, or whether, if they did, they would be impressed by our objections. However, you might think it advisable to disabuse them as quickly as possible of any misconceptions which they might have. I have not discussed this matter with officials here, although I had an opportunity on several occasions to point out the objections to the policy when it was raised by private individuals. I cannot imagine that it is a policy which the United Kingdom Government could view with much favour, as they, in view of their world-wide interests, would be the principal sufferers.

It is always a little ticklish getting any information from the Dominions Office about relations between themselves and Australia. I gather, however, that there are a good many misgivings in the Dominions Office and more particularly in the Foreign Office about the present arrangements in Japan, according to which Mr. MacMahon Ball<sup>1</sup> speaks for the Commonwealth. The view taken here, quite informally, seems to be that Mr. Ball may be a fine academic type, but has much too little experience of diplomacy and negotiation. His first major act in Japan was apparently to send a telegram to Canberra saying that the Americans and the Russians seemed to be at opposite poles with regard to policy in Tokyo, and he assumed that it was his function to mediate between them. He also listed a number of points which were being discussed and asked for instructions with regard to only one of them. This message was passed on to the United Kingdom by Dr. Evatt, who said that it was his intention to instruct Mr. Ball to proceed as he had suggested. The Foreign Office, needless to say, reacted with considerable violence. A telegram was sent to Canberra rejecting Ball's suggestion and saying that at the outset, and until the position was clear, the United Kingdom would prefer that Mr. Ball request instructions in all cases. The telegram went on to say that the United Kingdom were disturbed by the suggestion that the role of the British representative might be to mediate between the Soviet and United States points of view in Japan. United Kingdom collaboration with the United States in other parts of the world (for example at this juncture in the Middle East, and at the forthcoming Council of Foreign Ministers) was of such outstanding importance that they were not prepared to be committed in advance to a general policy of mediation in Japan. This might well fail to achieve its purpose in Japan, and at the same time cause friction with the United States Government. The Australian Government was requested to point this out to Mr. Ball for his guidance, and emphasize the importance which the United Kingdom attached to it.

It is interesting in this connection to compare the attitude of the Australians towards United Kingdom views on United States bases in the Pacific. While the United Kingdom, for obvious reasons, want to use the advantages they hold in the Pacific for bargaining with the Americans on a world-wide scale,

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<sup>1</sup> Conseiller politique de l'Australie au Conseil allié au Japon.

<sup>1</sup> Political Adviser of Australia to Allied Council, Japan.

the Australians are not disposed to concern themselves with the implications of their policy outside their own sphere. I think their irresponsibility is going to do a great deal to win our point on Commonwealth foreign policy. It is certainly helping to win us support in the Foreign Office.

Yours sincerely,

J. W. HOLMES

782.

DEA/6133-40

*Le sous-secrétaire d'État associé aux Affaires extérieures au deuxième secrétaire, le haut commissariat en Grande-Bretagne*

*Associate Under-Secretary of State for External Affairs  
to Second Secretary, High Commission in Great Britain*

PERSONAL AND CONFIDENTIAL

Ottawa, May 8, 1946

Dear Mr. Holmes,

This will acknowledge your interesting and admirable letter of May 1st dealing with the doctrine of Commonwealth relations which the Australians have been developing especially since the present arrangements in Japan came into effect. I have given copies of your letter to Mr. Robertson with the suggestion that he might seek to discuss it with the Prime Minister while en route to London, as Mr. King may find himself involved in discussions with Dr. Evatt soon after his arrival.

In this connection I think that Canada House has received a copy of despatch No. 244 of March 26th† from the High Commissioner in Australia which comments on the motives which prompted Dr. Evatt to speak in optimistic terms of Soviet policy in the Australian House of Representatives. You will note from this despatch that Mr. Davis suspects that Dr. Evatt sees himself cast in the role of mediator between the Soviet Union and the Western powers. Thus the proposals of Mr. MacMahon Ball from Tokyo, which you mention in your letter, not unlikely were favourably received by Dr. Evatt.

I am inclined to agree with your unsympathetic ascription of motives and to think that the elevation of the practice adopted in Tokyo to a new theory of Commonwealth relations is only another example of the Australian desire to have their cake and eat it. All the members of the Commonwealth—and ourselves and the United Kingdom not least—at times exhibit this desire but the Australian manifestations have recently been specially blatant.

Yours sincerely,

H. H. WRONG

## PARTIE 2/PART 2

## PAYS DIVERS

## INDIVIDUAL COUNTRIES

## SECTION A

## GRANDE-BRETAGNE/GREAT BRITAIN

## SOUS-SECTION i/SUB-SECTION i

*AFFRÈTEMENT DE NAVIRES CANADIENS**CHARTERING OF CANADIAN SHIPS*

783.

DEA/4929-U-40

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

*High Commissioner of Great Britain to Acting Under-Secretary of State  
for External Affairs*

915/290

Ottawa, June 14, 1946

Dear Mr. Wrong,

I have been asked by the United Kingdom Government to take up with the Canadian authorities the question of the negotiation of an agreement with regard to the charter to the United Kingdom of vessels owned by Canada.

During the war, as you will be aware, the Ministry of War Transport had on bareboat charter a number of "Fort" ships. As a result of an agreement signed on the 17th August last<sup>1</sup> these ships were put at the disposal of the Ministry on Mutual Aid terms.

When Sir Cyril Hurcomb, Director-General of the Ministry of War Transport, was in Canada last October he obtained Mr. Howe's agreement that the United Kingdom Government should retain these "Fort" ships on bareboat charter for a period of two or three years. It was agreed that the terms should be discussed and that a new agreement should be drawn up. It was also agreed that hire at a rate of 10% per annum on a valuation of 500,000 Canadian dollars per ship should be paid in respect of all the "Fort" ships other than sixteen of them which had been operating on Admiralty service. These latter ships would be free of hire for so long as they remained on naval service.

<sup>1</sup> Voir Canada, *Recueil des traités*, 1945, N° 9.

<sup>1</sup> See Canada, *Treaty Series*, 1945, No. 9.

Negotiations took place earlier this year between the representatives in Montreal of the Ministry of War Transport and the Park Steamship Company acting on behalf of the Canadian Government and in March the Ministry were informed that the Canadian Government wished the new agreement to be signed in Ottawa on behalf of the two Governments in the same way as the agreement of the 17th August, 1945, had been signed.

When Mr. Hynard (the M.W.T. representative in Montreal) returned to the United Kingdom in April, he took with him a new draft of the agreement which had been prepared by the Canadian authorities. There are certain points in the new draft which the Ministry of Transport do not feel able to accept and they have now prepared for consideration a redraft of which I enclose a copy.† The nature of the suggested alterations, and the reasons for them, are set out in the memorandum and a copy of which I also enclose†.

As the memorandum points out, the Canadian authorities have asked that the United Kingdom authorities should redeliver the oil burning "Forts" which they have on charter and take in exchange coal burning ships. I understand that the Ministry of Transport have pointed out to the Canadian authorities the difficulties in which this would involve the United Kingdom authorities but, in accordance with the Canadian Government's wishes, the Ministry are proceeding with the exchanges as fast as they can and expect to be able to complete the change by the 1st October, 1946. But they trust that the Canadian authorities will understand that it would not be possible to redeliver the oil burners at sixty days' notice, since most of the ships are in a position or have commitments, which make this impracticable.

I have also been asked to mention that, in agreement with Mr. Howe, the Ministry of Transport have entered into contracts for the subcharter of the "Forts" on bareboat terms for the period of the agreement. The United Kingdom authorities hope, therefore, that the agreement between the two Governments may be signed in the near future so that the contractual right of the United Kingdom authorities to the services of these ships is probably [*sic*] established.

I should be grateful if you could arrange for the enclosed memorandum and revised draft agreement to be considered by the appropriate Canadian authorities. If any elucidation of any particular points is required, I should be grateful if you would let me know as I am sure that the Ministry of Transport in London will be very glad to supply any further information desired. Alternatively if the Canadian authorities would prefer to have a discussion on the subject I should be very glad to assist in whatever way may be thought convenient.

Yours sincerely,

P. A. CLUTTERBUCK

784.

DEA/4929-U-40

*Le sous-ministre des Finances au sous-secrétaire d'État par intérim  
aux Affaires extérieures*

*Deputy Minister of Finance to Acting Under-Secretary of State  
for External Affairs*

Ottawa, July 29, 1946

Dear Mr. Wrong,

I regret that we did not reply directly to you when you sent us on June 28th the letter which your Department received from the High Commissioner for the United Kingdom regarding the charter to the United Kingdom of vessels owned by Canada. Mr. Bryce of this Department had spoken to Mr. Gavsie, of the Department of Reconstruction and Supply, about the one point in which we were directly concerned, and he thought that that Department would take up the matter in consultation with you. I note, however, in the comments forwarded by you to Sir Alexander Clutterbuck on July 17th,<sup>†</sup> you have taken the line originally suggested by the Department of Reconstruction and Supply but with which we are unable to agree, and consequently I think it is necessary to make our position clear to you, as Mr. Bryce endeavoured to do to Mr. Gavsie on the telephone.

It is the view of this Department that the agreement on the settlement of war claims, dated March 6, 1946,<sup>1</sup> covers the amounts owing by the United Kingdom in respect of the charter of these vessels up to February 28th, and that the amounts owing to Park Steamship Company or the Crown in the right of Canada in respect of the period prior to March 1st of this year should be debited to the United Kingdom General Settlement Account, just as other amounts owing by the United Kingdom under that settlement are charged. I note that in your "Comments", presumably following the original views of the Department of Reconstruction, you have stated that the agreement refers to the settlement of war claims, and it was not intended that it should affect the charter for the ships under discussion. In fact, however, the agreement, as its text clearly indicates, covers all claims which arose "on or after September 3, 1939, and prior to March 1, 1946, in respect of supplies, service, facilities and accommodation delivered or furnished during that period". This wording seems clearly to cover an item for the hire of ships during that period. Presumably in saying that it referred only to war claims, you had in mind the preamble, where it speaks of all accounts arising out of the war. This, however, has not been taken to limit the more general wording of the first Article, which is the effective clause in the agreement. We believe it is fair to say that the claim for ship charters was intended to be included at the time the agreement

<sup>1</sup> Voir Canada, *Recueil des traités*, 1946, N° 10.

<sup>1</sup> See Canada, *Treaty Series*, 1946, No. 10.

was negotiated. A figure was included for this possible claim in reckoning as to whether or not we could be satisfied with the offer of \$150,000,000 made by the United Kingdom.

Mr. Bryce spoke this morning to Mr. McNaughton of the Department of Reconstruction and Supply to ask if he could arrange to have the charges in respect of these ship charters prior to March 1st put through before the Dominion Government books are closed at the end of this month, as we would like, if possible, to get them into the books for the last fiscal year, where nearly all the adjustments under this agreement come. It would seem to me, however, from the state of the correspondence with the United Kingdom, that it will be difficult to settle on the text of the charter agreement before that time, and presumably, therefore, it may be necessary to hold this matter over until definite agreement is reached with the United Kingdom or at least the points of principle involved in the charter agreement are settled.

Yours very truly,

W. C. CLARK

785.

DEA/4929-U-40

*Le haut commissaire de Grande-Bretagne au ministre  
de la Reconstruction et des Approvisionnements*

*High Commissioner of Great Britain to Minister of Reconstruction and Supply*

915/290

[Ottawa,] August 28, 1946

Dear Mr. Howe,

As you know, correspondence has been proceeding through the Department of External Affairs with a view to the conclusion of an Agreement between our two Governments for the charter to the United Kingdom of certain vessels owned by Canada. The latest position is that in reply to my letter of the 14th June, I received from Mr. Wrong on the 17th July a note† setting out the comments of the Canadian authorities on the revised draft of the Agreement proposed by the United Kingdom Ministry of Transport. This note I passed on to London for consideration by the United Kingdom authorities concerned, and I have now received a telegram from my Government containing the text of a personal message to you from Mr. Barnes, the Minister of Transport. I enclose this message, and am sending a copy to Mr. Wrong for his information with reference to my previous correspondence with him on this subject.

Yours sincerely,

P. A. CLUTTERBUCK

## [PIÈCE JOINTE/ENCLOSURE]

*Le ministre des Transports de Grande-Bretagne au ministre  
de la Reconstruction et des Approvisionnements*

*Minister of Transport of Great Britain to Minister  
of Reconstruction and Supply*

[London,] August 28, 1946

1. You will remember that on the 14th June, the High Commissioner for the United Kingdom submitted to the Department of External Affairs a redraft of the proposed Agreement between the two Governments relating to bareboat charter of "Fort" and "Park" ships. I have now received the note setting out the comments of the Canadian authorities which was forwarded to London by the High Commissioner. This note contains a proposal involving a fundamental alteration in regard to the period for which the ships may be retained on bareboat charter by the United Kingdom.

2. You will recall that in drafts of agreements which have been prepared from time to time it has been consistently envisaged that the charter would be for a period of two years, with charterer's option to exercise for a further period of twelve months, subject to giving due notice of intention to exercise option before expiration of first two years. Further, there was to be an additional period of twelve months beyond the period of two years or three years, as the case might be, during which ships might be re-delivered in instalments. The note now received proposes that thirty of the ships shall be re-delivered between 1st September, 1947, and 30th November, 1947, twenty in the following three months, a further twenty in the next three months, and the balance between 1st June, 1948, and 31st August, 1948. As period from which the charters are deemed to begin dates from 1st September, 1945, it is in effect now proposed to curtail the optional period of the charter by one year.

3. This programme of re-deliveries would be incompatible with my obligation under sub-charter of these ships to the United Kingdom ship owners under my disposal scheme. I have entered into the contract with United Kingdom ship owners for a minimum charter of two years certain. You will remember that in my telegram of 5th January† I consulted you before entering into these contracts and you were good enough to agree. In all cases sub-charter runs on beyond 31st March, 1948, and in some cases beyond 31st August, 1948, depending when ships were delivered.

4. I am sure you will understand my position as, apart from my memorandum contract with the United Kingdom ship owners, I have been planning my tonnage resources on the assumption we would have the option to retain this tonnage for the full period envisaged, and it would be impossible for me otherwise to fulfil my commitments.

5. I hope, therefore, that you can agree to let original proposal as to period of charter stand and will be most grateful to hear from you as early as possible.

786.

DEA/4929-U-40

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

*Deputy High Commissioner of Great Britain to Acting Under-Secretary  
of State for External Affairs*

915/290

Ottawa, September 27, 1946

Dear Mr. Wrong,

In his letter to you of the 28th August the High Commissioner sent you a copy of a message which he had received from the United Kingdom Minister of Transport for Mr. Howe about the draft agreement for the charter to the United Kingdom of vessels owned by Canada.

Mr. Howe subsequently sent a further message to the Minister of Transport and Mr. Barnes has now sent a reply which has been communicated to Mr. Howe. I enclose a copy of these two messages for your information.

Yours sincerely,

J. J. S. GARNER

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Le ministre de la Reconstruction et des Approvisionnements au ministre  
des Transports de Grande-Bretagne*

*Minister of Reconstruction and Supply to Minister of  
Transport of Great Britain*

[Ottawa,] September 9, 1946

I have received your message transmitted through office of High Commissioner on August 28th with reference to period of charter for Fort ships. The reason for my suggestion that the period of charter be shortened is due to shortage of shipping in Canada and our need to have some of the ships returned as early as possible. In addition, the previous draft was too indefinite as to the number of ships to be returned in Class "A" vessels. Am anxious to have the return of up to 35 ships as early as possible and to have a definite period for the remainder. Having regard to fact that you have made commitments to sub-charterers with respect to all the ships am prepared to agree that original proposal as to period of charter stand, provided you agree that Canadian Government shall have right to nominate up to 35 ships to be returned upon expiration of presently existing sub-charters. We of course would have to be given information with respect to existing sub-charters. Am extremely anxious to have this matter settled and would appreciate cabled reply.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Le ministre des Transports de Grande-Bretagne au ministre  
de la Reconstruction et des Approvisionnements*

*Minister of Transport of Great Britain to Minister  
of Reconstruction and Supply*

[London,] September 24, 1946

1. Thank you for your message about the period of charter for "Fort" ships. I appreciate your helpful decision and agree that we should provide for the re-delivery of up to 35 ships upon the expiry of the existing sub-charters. These will begin to run out during the summer of 1948, the earliest being about April. I understand your proposal to be that we agree forthwith upon a definite schedule of re-deliveries with approximate dates. This schedule would provide for some as you require to be re-delivered during the summer of 1948, re-delivery of the remainder to be spread over the period ending September, 1949. As I shall be very tight for tonnage on the estimates of requirements during 1948 I hope that it will be possible to defer the delivery of a good proportion of the ships till 1949.

2. Since we are agreed upon this principle, I feel sure we shall be able to settle the details of this matter without difficulty but they are somewhat complicated to arrange by exchange of telegrams. Hurcomb will be in Washington in late October for the U.M.C.C. Would it be convenient if he came up to Ottawa thereafter, that is early November? He could bring with him all the details of the sub-charters so that the schedule could be completed. I shall be glad to know that this suggestion will meet your wishes.

3. Some of the ships which have been exchanged against oil burners have not yet been sub-chartered. I am just offering these for sub-charter on the same terms, that is for a minimum period of two years. This will not affect our re-delivery arrangements, for the sub-charters will run out in good time for re-delivery within the schedule.

787.

DEA/4929-U-40

*L'avocat-conseil, le ministère de la Reconstruction  
et des Approvisionnements, au sous-secrétaire d'État  
aux Affaires extérieures*

*General Counsel, Department of Reconstruction and Supply,  
to Under-Secretary of State for External Affairs*

Ottawa, November 27, 1946

Dear Sir,

ATTENTION: MR. S. D. PIERCE

RE: AGREEMENT FOR CHARTER OF 92 "FORT" VESSELS TO UNITED KINGDOM

You will recall that Mr. Howe, in his letter of July 6, 1946 to Mr. Robertson,† suggested that if the United Kingdom authorities in Canada felt that a

meeting would expedite this matter, our Deputy Minister would be glad to arrange for such a meeting.

Sir Cyril Hurcomb of the British Ministry of Transport was in Ottawa several weeks ago and discussed with officials of this Department and Park Steamship Company Limited the terms of the proposed agreement. The terms which have been agreed upon are set forth in the enclosed draft.<sup>1</sup>

You will note that the agreement refers only to 91 vessels rather than 92. I understand that one of the vessels, the "Fort Colville", is being used by the Admiralty and the Minister has agreed that this ship should be excluded. I should also point out that the underlining under part of paragraph 3 is of no special significance, and can be eliminated.

The Minister had requested me to forward this draft to you with the request that you arrange for execution thereof. I suggest that it might be well to indicate that this agreement shall be deemed to have been as of the 1st day of September, 1945.

Yours very truly,

CHARLES GAVSIE

788.

DEA/4929-U-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] December 27, 1946

SHIPPING: AGREEMENT FOR CHARTER OF VESSELS TO THE UNITED KINGDOM

At the meeting of the Cabinet on December 27th, approval was given a recommendation to authorize an agreement with the United Kingdom government for the charter of ninety-one cargo vessels originally made available under Mutual Aid, an Order in Council to be passed accordingly.

SOUS-SECTION ii/SUB-SECTION ii

DÉFENSE/DEFENCE

789.

DEA/22-U

*Mémorandum du ministre de la Justice*

*Memorandum by Minister of Justice*

[London, January 22, 1946]

This 22nd January at 5 p.m. at Mr. Attlee's request Messrs Gardiner, Gibson, Martin and St. Laurent attended at 10 Downing Street. There were also present with Mr. Attlee, Lord Addison, General Ismay and one other officer. Mr. Attlee said he and his colleagues had been much disturbed at the

<sup>1</sup> Voir Canada, *Recueil des traités* 1946, N° 44.

<sup>1</sup> See Canada, *Treaty Series*, 1946, No. 44.

Canadian decision to withdraw our Canadian forces at a relatively early date and wished us to know the extent of the obligations falling upon the U.K. as a result of the victories. He enumerated the forces used in the various occupation theatres, on the sea and in the air amounting in all to:

Army	1,130,000	men
Navy	375,000	"
Air Forces	563,000	"
	<hr/>	
Total	2,068,000	men

He stated that could hardly be reduced below 1,900,000 within a year and required in addition a six months intake in training and the retention of between 500,000 and 600,000 in munition industries; a very heavy burden on the manpower so urgently required to restore U.K.'s exporting capacity.

I pointed out our difficulties resulting a/ from the fact that we had to keep CMHQ in England going as long as we had any men here and that it was a machine built up to take care of a comparatively large army and could not be substantially cut down to fit the force now operating, which meant a disproportionate overhead. I added we could not substitute a new system for the short time occupation forces might be required b/ from the fact that our men were under the impression they were not doing any very useful job since V.E. day and those who returned gave the public the impression there had not been anything useful to do c/ they had been away a long time and were entitled to be demobilized d/ we would have to recruit and train new men and thus have to keep our training camps operating e/ might have trouble in getting transport ships later on etc.

I suggested the only thing which might be useful would be to send the P.M. through the usual channels a full account of what were the obligations incumbent on the U.K. not for the continuation of the imperial commitments but as obligations to the United Nations.

I suggested it might also be useful to point out to us what were the corresponding obligations the U.S. were required to discharge and what forces would thus be required from them.

Mr. Attlee said that when the Commonwealth acted together we had in divisions numbers comparable to the other two great powers, but U.K. alone was quite out of proportion.

I told him the policy of one voice and one army for the Empire had a few supporters in Canada but they were the minority. It was a matter of party politics with us and the party led by Mr. King was opposed to it. That when we did act in line with U.K. and other Dominions it was because it was in the interest of Canada to take that line.

I also pointed out Mr. King's views were those expressed in London before both Houses of Parliament; that during war decisions were made by Mr. Churchill and Mr. Roosevelt and afterwards by them and Mr. Stalin, to be carried out by us all. But that such pattern could not continue in peace time.

That we could not have responsibilities arising out of commitments or decisions in which we had no part as a separate state. That was the reason for our amendment to Security Council provisions at San Francisco.

I pointed out that the San Francisco charter seemed to be founded on the understanding of the four great powers at Moscow in 1943 to continue their co-operation for the prosecution of the war to the end and for the organization and maintenance of peace and security and left with them the responsibility for joint action on behalf of the organization until the Security Council was prepared to take over. We realized there were duties to be performed but we had not been consulted as to the portion accepted by the U.K. which no doubt had become more onerous than it appeared to be when so accepted.

We gave no encouragement to the suggestion for a Commonwealth meeting, but stated that in these international jobs we felt we should be acting on our own even though our action was parallel with that of the U.K. and other Commonwealth units. We pointed out it would take a long time to have the Security Council in a position to do the work of maintaining order in liberated or conquered lands.

The big 5 would have to determine what was necessary, how much each of them was going to contribute, make arrangements with each member and have him get ratification of the arrangement and then train the forces he was to supply. That it should be pressed on as vigorously as possible so they might realize that UNO did not mean only peaches and cream but stern duties and contributions as well.

790.

DEA/1174-39C

*Décret en Conseil**Order in Council*

P.C. 624

Ottawa, February 21, 1946

The Committee of the Privy Council have had before them a report, dated 15th February, 1946, from the Minister of National Defence for Air, representing that under financial arrangements made between Canada and the United Kingdom in connection with the operation of Royal Canadian Air Force Squadrons Overseas and reflected in the Agreement of April 20th, 1943, (Order in Council P.C. 2898 dated April 8th, 1943), Canada paid the United Kingdom for initial issues of aircraft and engines, and, when the Squadrons were re-armed with new type aircraft, received full credit for the aircraft and engines returned and paid for the new aircraft and engines obtained. On the other hand aircraft spares and engine spares were paid for on a consumption basis;

That since the types of aircraft in Royal Canadian Air Force Overseas Squadrons were, from necessity, in accordance with the operational dictates of the moment, they were not generally suitable for the Canadian post-war

force. In any case, had it been desired to bring any of them back to Canada, it would have been necessary to buy a range of spares from Air Ministry. Accordingly, on the conclusion of hostilities, many aircraft and engines from Canadian Squadrons disbanded Overseas were returned to the Air Ministry for disposal, the matter of financial adjustment to be dealt with later. Some of the aircraft were of use to the Royal Air Force in their post-war arrangements and some had a sale value at prices greatly reduced from cost;

That when it was ascertained that the Air Ministry could provide operational aircraft, engines and spares of the type required in the post-war Royal Canadian Air Force of which there were none available from stocks in Canada, discussions took place between Royal Canadian Air Force Overseas Headquarters and the Air Ministry as a result of which the approval of Air Ministry and the British Treasury has been received to a proposal which will allow the procurement of certain aircraft, engines and spares of the types desired for the post-war Royal Canadian Air Force on an exchange basis for those aircraft turned in from the disbanded Squadrons. The basis of the proposal has been reviewed by the Deputy Minister of Finance and approved by him; and

That while Canada would be required to pay an estimated amount of \$2,000,000.00 for the transportation and packing costs involved in the moving of these aircraft to the approximate number of 350, it is considered that the proposal presents a most attractive means whereby the Royal Canadian Air Force could obtain the requisite aircraft without the necessity of a major capital outlay.

The Committee, therefore, on the recommendation of the Minister of National Defence for Air, advise that authority be granted:

(a) To indicate to the United Kingdom that the above proposal is acceptable to Canada;

(b) To bring to this country the requisite aircraft, engines and spares on an exchange basis for aircraft and engines returned to the Air Ministry from disbanded Canadian Squadrons Overseas at an estimated cost of \$2,000,000.00 to cover the cost of transportation and packing, an item for which funds have been provided in amounts of \$500,000.00 in the 1945-1946 Estimates and \$1,500,000.00 in the 1946-1947 Estimates of the Department of National Defence for Air; and

(c) To use the aircraft so obtained for the equipping and/or re-equipping of Royal Canadian Air Force post-war Squadrons and training establishments.<sup>1</sup>

<sup>1</sup> Selon cette proposition, le Canada aurait obtenu 329 Spitfires Mk. XIV, XIX et 22 et 36 Austers plus 136 jeux de modification pour des Mosquitoes de fabrication canadienne. Peu après cependant, le Canada a demandé un crédit au lieu des Spitfires et a utilisé ce crédit pour l'achat de 85 nouveaux chasseurs à réaction du type Vampire de la Grande-Bretagne.

<sup>1</sup> According to this proposal, Canada would have obtained 329 Spitfires Mk. XIV, XIX and 22 and 36 Austers plus 136 modification sets for Canadian built Mosquitoes. Shortly afterwards however, Canada requested a credit instead of the Spitfires and used this credit for the purchase of 85 Vampire jet fighters from Great Britain.

791.

DEA/7-DA

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

*Deputy High Commissioner of Great Britain to Under-Secretary of State  
for External Affairs*

950K/14

Ottawa, April 1, 1946

Dear Mr. Robertson,

As you may be aware, a Ministry of Supply Mission under the leadership of Sir Graham Cunningham, visited Canada last December and January, and had some discussions with the Canadian authorities concerned about various matters in connection with the supply of material for defence purposes.

The Mission have now returned to the United Kingdom and have reported to the Minister of Supply. We have been asked to take up with the Canadian authorities certain matters in continuation of those discussions. These concern particularly the experimental establishment at Suffield, Alberta.

The United Kingdom authorities are anxious for confirmation that, as they greatly hope may be the case, the Canadian Government intend to retain this valuable establishment as a permanent postwar arrangement. They feel that, if so, the Canadian Government may in any case wish to be wholly responsible for its maintenance and they have asked me to explain that they would not themselves be able to share the maintenance expenses. For their part, the United Kingdom authorities are, of course, maintaining research and development establishments in Britain in the results of which all members of the Commonwealth are invited to share.

On connected matters the United Kingdom authorities have asked me to let you know that they would be very willing to extend an invitation to the Canadian Government to send representatives to the United Kingdom at an early date to take part in a general survey of policy as to postwar research and development on questions of chemical and biological warfare. As a result of such a visit, it is hoped that the Canadian authorities might decide on certain items of such a research and development programme as suitable for development in Canada. It is also hoped that it would be possible to coordinate any such work undertaken in Canada with the corresponding work to be undertaken in the United Kingdom.

The United Kingdom Government would also be willing to lend a small number (say six or seven) of scientific and technical chemical and biological warfare staff. If the Canadian authorities agree, they suggest that this should be done on an interchange basis and that the Canadian Government might wish to send such technical staff of their own as can be made available to work at Porton. It is not suggested that this proposal should interfere in any way with the present arrangements whereby the Canadian Government send officers for training in experimental gun firing at Shoeburyness.

The United Kingdom authorities have further asked us to say that, whenever work requiring weapons or other stores of United Kingdom manufacture is being carried out at Suffield, they would be very willing to supply such stores free of charge.

I should be grateful if you would let me know what are the views of the Canadian authorities in this matter; if you wish to discuss the matter at any time I should be very happy to do so.

Yours sincerely,

STEPHEN L. HOLMES

792.

CH/Vol. 2021

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

*Under-Secretary of State for External Affairs  
to Deputy High Commissioner of Great Britain*

TOP SECRET

Ottawa, April 18, 1946

Dear Mr. Holmes,

On April 1st you wrote me concerning research and development on questions of chemical and biological warfare.

At the present time my reply on one of the points raised in your letter will have to be in the nature of an interim one since the matter of policy for defence research is under Cabinet consideration. A decision has, however, been made to maintain the experimental station at Suffield as a Canadian establishment during peacetime. Also you will be glad to learn that we are in agreement concerning the exchange of scientific personnel in the field of chemical and biological warfare, referred to in paragraph 5 of your letter.<sup>1</sup>

With regard to paragraph 4 of your letter Dr. O. Maass, Director of Chemical Warfare and Smoke, and Dr. O. M. Solandt, Director General of Defence Research together with other Government scientists will be in London this summer attending the informal Commonwealth Conference on defence research and it is hoped that the general problem of chemical and biological warfare will be discussed at that time. While my reply on this point is rather tentative in view of Cabinet consideration of defence research yet the proposal in your letter of April 1st is in keeping with our present ideas on the development of defence research in Canada.

Yours sincerely,

N. A. ROBERTSON

<sup>1</sup> Voir la section C de la partie 1 de ce chapitre.

<sup>1</sup> See Section C of Part 1 of this chapter.

793.

W.L.M.K./Vol. 389

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

*Acting Secretary of State for External Affairs  
to High Commissioner of Great Britain*

No. 68

Ottawa, August 31, 1946

Sir,

I have the honour to refer to your note No. 44 of August 2nd,† concerning the recruitment of Royal Canadian Air Force personnel for service with the Royal Air Force.

This matter was referred to the Department of National Defence for Air which has now replied that the proposals contained in your note of August 2nd are satisfactory.

Wing Commander M. Lipton of the Division of the Air Member for Personnel, Department of National Defence for Air, has been nominated as the Officer with whom members of your staff should discuss more detailed arrangements.

I have etc.

H. H. WRONG  
for the Acting Secretary of State  
for External Affairs

794.

W.L.M.K./Vol. 389

*Le ministre de la Défense nationale pour l'Air au secrétaire d'État  
aux Affaires extérieures*

*Minister of National Defence for Air to Secretary of State  
for External Affairs*

Ottawa, October 18, 1946

My dear Colleague,

At the meeting of Cabinet yesterday the Prime Minister raised objections to a Press Release issued by my Department announcing that applications for service in the R.A.F. would be received from Canadians, and pointed out that any such agreement should have the approval of Cabinet.

At that time I expressed the view that the negotiations had been conducted by External Affairs, to which statement I felt you rather took exception.

On going over my file in this matter, I find that the High Commissioner for the United Kingdom made certain proposals to your Department in Despatch No. 44, dated 2nd August, 1946,† and in a letter dated the 13th of August† my Deputy Minister was asked whether these proposals were satisfactory to this Department. In the reply from my Deputy Minister, dated 27th August,†

he stated that "the proposals as modified are considered satisfactory", and in your letter to the High Commissioner for the United Kingdom, Despatch No. 78, dated 30th September,† you stated that "the terms of the proposed inter-governmental agreement are satisfactory to the Canadian Government. It is agreed that your note and this reply shall place on record the acceptance by our two Governments of the conditions as set forth in the Agreement."

While my Department expressed a willingness to co-operate, and took no objections to the terms of the proposal, we had no part in negotiating the Agreement that was entered into.

The reason that a Press Release was issued by my Department was because the Agreement contemplated the terms of service being brought to the notice of members and ex-members of the R.C.A.F.

I would point out that further negotiations are at present under way concerning the acceptance of applications of Canadian candidates to enter the Royal Air Force College at Cranwell, for five University graduates for permanent commissions, and twenty-four aircraft and administration apprentices. My Deputy Minister, in a letter to the Under-Secretary of State for External Affairs, dated October 15th,† has indicated that there is no objection in principle to Canadians joining the R.A.F., and stating the willingness of the R.C.A.F. to co-operate. In view of the remarks of the Prime Minister, it would appear that these proposals should be brought to the attention of Cabinet before the United Kingdom proposal is accepted.

Yours sincerely,

COLIN GIBSON

795.

PCO/C-20-2

*Extrait de lettre du secrétaire du Cabinet au président,  
le Comité des chefs d'état-major*

*Extract of Letter from Secretary to the Cabinet to Chairman,  
Chiefs of Staff Committee*

SECRET

Ottawa, December 23, 1946

Dear Air Marshal Leckie,

The following items discussed by Cabinet on December 19 will, I believe, be of interest to you.

*Canadian Service Representation in the United Kingdom; instructions*

The Prime Minister submitted revised draft instructions to seven liaison officers attached to the High Commissioner's office in London. The functions of these Service representatives were to be confined to liaison and would not include participation in planning of any kind. It is appreciated, however, that a limited subordinate staff and a number of experts in the different lines in rela-

tion to which the United Kingdom was an important source of information to the Canadian Services, would be required.

Cabinet approved the revised instructions, it being understood that the Minister of National Defence would limit the personnel involved to the minimum number essential for effective liaison purposes. Copy of the draft instructions is attached.†

• • •

Sincerely yours,

A. D. P. HEENEY

SOUS-SECTION iii/SUB-SECTION iii

FINANCES/FINANCE

796.

DEA/154

*Le haut commissaire adjoint de Grande-Bretagne  
au sous-ministre des Finances*

*Deputy High Commissioner of Great Britain to Deputy Minister of Finance*

915/442

Ottawa, January 25, 1946

Dear Dr. Clark,

I write in confirmation of our telephone conversation this morning and with reference to the recent interview which the High Commissioner and myself had with Mr. Ilsley on the subject of prospective dates for the forthcoming financial discussions to be held in Ottawa between representatives of the Canadian and United Kingdom Governments.

In accordance with the plan proposed by Mr. Ilsley a party will be leaving England, by air for Dorval, on Friday, February 1st.

The party will consist of Sir Wilfrid Eady<sup>1</sup>, Mr. C. F. Cobbold, Mr. A. T. K. Grant, Mr. Edgar Jones (Treasury), Mr. Bridge (Bank of England) and secretarial staff.

On arrival at Dorval Sir Wilfrid Eady and Mr. Cobbold will proceed direct to Washington to discuss certain outstanding questions there. The remainder of the party will proceed direct to Ottawa with the idea of being able to start in on preliminary statistical work with your Department on Monday, February 4th.

It is proposed that Sir Wilfrid Eady and Mr. Cobbold will arrive on about Friday, February 8th, with the idea of being available for the main discussions to begin on Monday, February 11th.

It is suggested that it would be appropriate to issue a statement for the press (simultaneously in London and Ottawa) some time next week before the arrival of the party in Canada.

<sup>1</sup> Deuxième secrétaire conjoint, la Trésorerie de Grande-Bretagne.

<sup>1</sup> Joint Second Secretary, Treasury of Great Britain.

I attach a proposed draft† of this which has been prepared by the Treasury and shall be glad to know whether you find it suitable. If so perhaps we could agree for a date when it could be simultaneously published, and in this connection I would suggest say Thursday of next week (January 31st).

I am sending a copy of this letter to Mr. Norman Robertson for his information but, as I think we agreed in our conversation this morning, I am assuming that you are keeping the Department of External Affairs informed.

I am writing this letter to you as following up the discussion which we previously had with Mr. Ilsley.

Yours sincerely,

STEPHEN HOLMES

797.

DEA/154

*Le directeur, la direction économique, le ministère des Finances,  
au sous-secrétaire d'État aux Affaires extérieures*

*Director, Economic Division, Department of Finance,  
to Under-Secretary of State for External Affairs*

[Ottawa,] February 2, 1946

The attached notes, as indicated at the beginning, are suggested only for some use in discussing the line to be taken with the United Kingdom Treasury and other officials in the meeting later this month.

Dr. Clark hopes to arrange a meeting some time in the first half of the week of February 4th to discuss this general subject, and I thought these notes—which I regret to say are only my own rather rough ideas at the time—might serve in part as a basis for such discussion.

I would very much appreciate any comments, criticisms or suggestions which you could give me before the meeting as to alternative or additional points for consideration or amendment.

R. B. BRYCE

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du directeur, la direction économique, le ministère des Finances*

*Memorandum by Director, Economic Division, Department of Finance*

[Ottawa,] January 31, 1946

PROPOSALS FOR DISCUSSION RE LOAN AND OTHER FINANCIAL  
ARRANGEMENTS WITH THE UNITED KINGDOM

The following proposals are put forward at this stage, not as firm recommendations, but as suggested basis for discussion out of which some recom-

mendations might emerge for use in the negotiations with the U.K. They cover only the major items concerned, and do not attempt to go into details regarding the Army, Navy and Air Force settlements.

### 1. NEW LOAN

It is suggested that the new loan offered to the U.K. should be on the same terms as the U.S. loan in so far as interest, waiver and repayment provisions are concerned. It should also include an agreement on the part of the U.K. not to discriminate in trade, exchange control or the issue of import licences against Canada in favour of any other country, except in accordance with Article VII of the International Monetary Fund Agreement.<sup>1</sup> It is suggested that the other conditions of the U.S. agreement need not be included, i.e., those relating to sterling area exchange arrangements, other exchange arrangements, or accumulated sterling balances. We will get the benefit of the American stipulations in this regard, and as long as we are sure that the U.K. does not discriminate against Canada, we should be amply protected. This should enable us in some measure to escape the censure which the U.K.-U.S. agreement encountered because of the serious and detailed conditions that it imposed on the U.K.

It is suggested that the Canadian dollars provided to the U.K. under this credit should be freely available to the U.K. for any purpose except the acquisition of assets abroad, and may be transferred in settlement of current account balances to any country outside North, Central and South America. (Possibly South Africa and the U.S.S.R. might be included here, on the ground of their being leading gold producers.) Alternatively, we might make the funds usable for any purpose whatsoever, without restriction, and rely solely upon the safeguards in regard to the amount of the funds which can be used in any one year, suggested below.

The amount of the loan, it is suggested, should be either \$1 billion to cover the estimated requirements of the U.K. alone (including Colonies), or \$1½ billion to cover the requirements of the U.K. plus Australia, New Zealand and India, if it is considered desirable not to lend directly to the latter. As a safeguard, and to ensure that in fact the loan is used to finance the U.K. and sterling area requirements rather than other, it is suggested that the amount of the line of credit which can be utilized in the first year be \$400 million, if it is for the U.K. only, in the second year \$300 million, and in succeeding years \$200 m., or some such series, while if it is to cover as well the requirements of Australia, New Zealand and India, the amounts might be \$100 m. higher in the first three years. The selection of these amounts and the rate at which they could be released will, of course, depend upon a more detailed examination of the prospective U.K.-Canadian balance of payments and related figures. The question of whether or not we should plan to include the Australian, New Zealand and Indian requirements in the loan to the U.K. will be the subject of a separate memorandum.

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

W[oul]dn't an m.f.n. clause achieve the same result?

We will presumably wish to request the U.K. to meet part of its requirements in Canada in gold or its equivalent. I would suggest that we endeavour to keep this to the simplest possible provision. We might start by asking the U.K. to do essentially what we have asked Belgium, Holland and China to do. This might take the form of requesting the U.K. to sell us either quarterly or annually an amount of gold equal to 20% of the line of credit drawn upon during that period, and to use the proceeds of such gold sale for meeting its Canadian requirements. In practice we might agree later to accept sales of U.S. dollars in lieu of gold, but I think it would be desirable from the American angle to put the formal obligation in terms of gold rather than any other currency.

## 2. CONSOLIDATION OF OLD LOANS

It is necessary to deal with the amount outstanding of the 1942 loan, which is approximately \$540 m., and the accumulated liability of the U.K. for its share in the Air Training Plans, in so far as this is not covered by deliveries in kind or other means, which is estimated now to be approximately \$435 m., including about \$10 m. in respect of the Third Plan, covering operations since April 1, 1945. We are apparently free from formal restriction on what we may ask of the U.K. in settlement of these obligations in so far as the U.S.-U.K. agreement is concerned, but the U.K. would no doubt feel that they would seriously prejudice their position in the U.S. if they agreed with us on a very favourable interest rate and repayment basis for these wartime obligations.

Inasmuch as these old loans are essentially war loans, not post-war loans, it is suggested that we should be prepared to consider carrying them for another 10 years at least on an interest-free basis, as long as some reasonable arrangements are made to ensure their repayment and not their indefinite postponement on this basis. I would suggest that the most effective and defensible repayment arrangements are already at hand in the character of the loans and the arrangements already made in respect of them.

In regard to the 1942 loan, I would suggest we consider continuing the present arrangement under which it is repaid automatically from the proceeds of sale ex-U.K. or redemption of the Canadian securities held by the U.K. and its residents. This arrangement is already resulting in fairly rapid repayment of the loan, and if continued for another 10 years, may almost complete repayment of it.

In the case of the Air Training liability, the bulk of the debt has arisen because the deliveries in kind by the U.K. from its own production or from Lend-Lease sources have fallen far short of the U.K. share of the costs. It is suggested that in effect we give the U.K. a much longer time to make these deliveries in kind to Canada, and that we agree that some fraction of Canada's requirements of defence and military supplies of all kinds from the U.K. in future years should be delivered in repayment of this obligation. The fraction to be selected would give some scope for negotiation and would control among other factors the rate at which the debt would be repaid. Alternatively

it might be agreed that any deliveries of military and defence supplies and equipment in excess of some annual figure would be applied in reduction of this loan. This arrangement would prevent repayment of the loan being a burden on ordinary commercial trade. It would leave Canada with some incentive to obtain equipment and supplies for its armed services from U.K. sources. It would, to some degree, amount to assistance by Canada to the U.K. in maintaining strategically necessary industries in the U.K. in which Canada has a security interest. It might, it is true, conflict somewhat with the technical desirability of having Canadian equipment on U.S. rather than U.K. specifications and designs, but it seems likely that some reconciliation of designs and specifications will be desirable, if not inevitable, on broad security grounds.

The disposition of the amount of each of these old obligations remaining in 1956 could be deferred until that time, with a provision that if agreement on any other means of settlement cannot be reached, the amount would be added then to the amount of the new loan in course of repayment, subject to interest and waiver.

The alternative means of dealing with these old loans would appear to be simply to add them to the amount of the new loan and put them on the same terms as the new loan. It would seem unreasonable to exact more onerous terms on these loans provided in the first instance for war purposes than we are exacting on loans provided for post-war purposes. On the other hand, we should not perhaps lose sight of the theoretically possible alternative of granting the new loan on a completely interest-free basis, but repayable over a shorter period than the American loan, while asking sufficient interest on the old loans to compensate us for the extra generosity on the new. This would be taking advantage of the technicalities of the American agreement to escape the restriction that it was intended to apply in our case. It would, of course, give the U.K. some real incentive to buy in Canada rather than elsewhere, as the marginal debt so incurred would carry no interest. However, it would seem quite unlikely that the U.K. would be prepared to agree to such an arrangement, and it is doubtful whether we could adequately explain the arrangement to our own Parliament without getting into severe difficulties with the U.S.

### 3. ARMY, R.C.A.F. AND N. & S. SETTLEMENTS

The U.K. would like to be able to clear up and settle with finality all the outstanding claims and counter claims arising out of the war, as they did in the U.S. It is suspected that they hope in such a broad and final settlement to secure more generous treatment than they would if the individual items were dealt with separately over the balance of the fiscal year or next fiscal year.

I would suggest that because of the difficulties that will be encountered in reaching agreement upon the facts involved and disentangling and settling the accounting problems, we should not agree to such a lump sum final settlement during the month of February, but we should instead be prepared

to agree upon all the outstanding questions of principle involved on such settlements and should then leave the amounts to be determined in accordance with such principles during the ensuing months. It is further suggested we should agree to make payments on account or payments subject to later adjustment in respect of all these major items before the books have closed for the current fiscal year. In the case of the U.K., this would apparently limit us to the date of March 31st. We should also be prepared, I would suggest, to adjust the amount of the new loan to reflect any divergence between the final result of the settlements and the result as anticipated in February.

The following list of items may be noted as an illustration of the range and complexity of the issues still to be settled:

1. Capitation rate for Army operations.
2. Canadian share of Army reserve stocks.
3. Canadian share of Air Force reserve stocks.
4. Settlement, if any, in respect of Ram Tanks.
5. Rebates in respect of Lend-Lease settlements with U.S.
6. Possible rental and operating charges for Longue Pointe Depot.
7. Adjustment of capitation rates for Belgian and Netherlands payments.
8. Settlements for transfers of Mutual Aid supplies.
9. Wind-up and settlement of Inspection Board.
10. Settlement of U.K. equity in D.M.S. funds.
11. Clean-up of U.K. Cash Receipts Account and Suspense Account.
12. Financing Indian locomotives purchases.
13. Agreement on settlement for lire, marks and other currencies for R.C.A.F.
14. Use of sterling from sale of Canadian surpluses in U.K.

In addition to the list of items noted above, on which some agreement in principle is needed, there are a substantial number of accounts to be cleared up and settled in respect of which there are no questions of principle outstanding that I know of. In addition, it is likely that the U.K. will have lists of items which they wish to include in the settlements. It has not yet been possible to get any list of items from the British which they would like to have on the agenda.

#### 4. TRADE AND IMPORT QUESTIONS

It appears that the U.K. strategy is likely to be to keep the discussions so far as possible on financial matters and away from trade questions, perhaps hoping that the agreement already reached with the Deputy Minister of Trade and Commerce can be regarded as the main concession to be made in respect of immediate conditions, and that the other matters should wait over for discussion in connection with the I.T.O. nuclear group and conference discussions. It is suggested that the following, however, might be put forward

as Canadian requests for U.K. agreement as conditions of the loan, either expressed as conditions or carried through to make the atmosphere appropriate:

(a) that U.K. will not discriminate against Canada in favour of any other country or group of countries in 1946 and later in commercial policy, including import licensing (or programming), or in bulk purchasing, or in other exchange control policies. This would be subject to an exception under Article VII of Bretton Woods, in the event that Canadian dollars were declared to be a scarce currency;

(b) that U.K. would agree not to restrict imports into the U.K. either for reasons of protection or to balance its international payments in the following classes of goods until 1951 (or, alternatively, as long as Canada is not charging interest on the debts accumulated during war, which would be at least until 1956 under the above proposals):

- (i) grains,
- (ii) non-ferrous metals (excluding precious metals)
- (iii) lumber (and possibly pulp).

This might appear at first sight an unreasonable restriction on their freedom of action in the pursuit of austerity where it is needed. It is suggested, however, that these three classes in which Canada has a very direct interest are such basic imports to the U.K. that they cannot in fact gain very much anyway by endeavouring to restrict their import and they have a real interest in securing supplies of them for their domestic requirements and export trade, at as low prices as possible. It seems unlikely that they would engage in much in the way of protection or austerity in these products in any event, and to ask them to agree not to do so may not be requiring a great deal in substance while at the same time securing something that would look like a real safeguard to Canadian trade in staple products.

(c) that the U.K. would agree that in any restriction of imports by licensing or quotas, whether for protective or balance of payments reasons, quotas or the number of licences issued will be provided up to an amount at least equal to 10% of the estimated U.K. consumption of the goods or the categories of the goods in question, and that Canada, under the non-discrimination clause, will have a fair opportunity to compete with other exporting countries for a share of this quantity.

The purpose of this provision would be to ensure that at least a token amount of imports is allowed in all categories the consumption of which is permitted in the U.K. If for reasons of real austerity the U.K. wishes completely to exclude both imports and consumption, they would be free to do so. They would also be free to decide that austerity required 90% of their consumption to be produced at home. On the other hand, they would be agreeing that no import trade would be completely throttled by restriction unless it were in a quota that the U.K. simply cannot afford to consume.

This condition should be limited in application either to the period extending until 1951 or the longer period suggested under (b) above.

(d) that the arrangements already made with the Deputy Minister of Trade and Commerce in respect of historic trade should be continued for as long a period as possible under the circumstances. It may not be possible to continue them beyond 1946, inasmuch as it would appear to be contrary to the U.K.'s undertakings not to discriminate in the issuance of import licenses. Perhaps, however, it could be continued in the form of an undertaking to grant import licences up to a level equal to 20% by value of pre-war imports in the categories in question.

It is suggested that the above trade considerations would represent a reasonable set of demands from Canada to the U.K., at this time, particularly if they are linked with the period during which the credit to be provided is being utilized. In effect they can then be defended as bearing upon the way in which the credit is to be utilized for purchasing in Canada. On the other hand, to our other borrowers we can point out that the U.K. has had to make very substantial concessions in its policies, which justify the lower interest rates given to it and not to others.

R. B. BRYCE

798.

DEA/154

*Mémorandum du chef, la direction économique, au sous-secrétaire d'État  
aux Affaires extérieures*

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

SECRET

[Ottawa,] February 7, 1946

LOAN AND FINANCIAL ARRANGEMENTS WITH THE U.K.

I understand that at the meeting you attended in Clark's office yesterday there was a discussion of the terms and conditions of the proposed credit to the U.K.; that it was agreed that the terms would be those of the U.K.-U.S. financial agreement but that it has not yet been decided what conditions we should seek to attach to the Canadian credit.

I suggest that we ask no more than the U.S. has obtained.

The U.K. emerged from months of gruelling negotiations with the U.S. with an agreement that was bitterly resented in the U.K. as a cruel bargain and accepted because there was no alternative. Are we to propose an arrangement, on terms equally severe, under which we reap not only benefit of the U.S. conditions but of a few more for good measure? Any more exodontistry on the U.S. gift horse and the poor beast will be toothless. The British hope that we will be more generous. They may have made it

impossible for us to be so by their agreement with the U.S. but I would think they have cause to expect us to treat them with at least as much generosity as did the U.S.

The case for pulling a few more teeth is (a) that we need to assure ourselves of markets in the U.K. for our goods and services and (b) that we will have to overcome serious opposition in the House.

On (a), I doubt the effectiveness of conditions written into the loan. Our hope of continuing markets in the U.K. lies in the speedy rebuilding of U.K. export potential and in a return to multilateral trade. If these do not occur, conditions written into the loan won't protect us. Canadian dollars will be short and the U.K. will have the right to use restrictive devices under Article VII of the International Monetary Fund Agreement.

Further, by writing more conditions in the Canadian credit than there are in the U.S. credit, we prejudice the successful passage of the U.S.-U.K. agreement through Congress since it is likely that we will put our credit through before Congress is finished with the U.K.-U.S. Agreement.

We deprive ourselves, moreover, of the preferred position we enjoy vis-à-vis the U.K. This position enables us to obtain concessions from the U.K. in ad hoc negotiations that the U.S. cannot obtain. Max Mackenzie's recent success in the import licencing matter is good evidence. He obtained obvious discriminatory treatment in respect of the colonies and disguised discriminatory treatment in respect of the U.K. The motives that prompted the U.K. to so act were perhaps as much of political inspiration as of economic. The U.K. will give weight to their political interest in dealing with our joint economic problems, but we do not want to put them in a position in which they must openly avow it.

As to (b), the political aspect, surely we can defend in the House extending treatment to the U.K. as generous as that given by the U.S. The disposition of the House last session was clearly favourable to export credit. There was no important opposition to the extension of credit facilities to \$750,000,000. If we can provide \$750,000,000 for countries normally taking less than 10% of our exports, surely we can defend a credit of a billion dollars or more for the U.K. which took 39% of our exports during the three pre-war years. Surely, if there was no objection to a loan of \$242,500,000 to France to whom we exported about \$8,000,000 a year in the three pre-war years, we can defend lending four times as much to a country which took over forty times as much from us. Aside from trade considerations, the comparison of the war efforts of France and the U.K. would justify the loan of a billion to the U.K.

There will be opposition from some members but why embarrass the U.K. for no practical gain because of the prejudice or low I.Q. of a handful in the House?

It is anticipated that there will be opposition to lending [to] the U.K. because she has over a billion dollars in Canadian investments, but wouldn't the U.K.

be a worse risk if she were broke? We propose lending to the U.K. because she is *not* destitute, because she is still in business, because we want her to stay in business, retain her investments and to keep on trading with us.

S. D. P[IERCE]

799.

DEA/154

*Procès-verbal de réunions*

*Minutes of Meetings*

SECRET

ANGLO-CANADIAN LOAN NEGOTIATIONS

*Monday, February 11, 1946*

*Morning*

The first meeting of the group conducting the negotiations for a Canadian loan to Great Britain met in Room 123, East Block at 11:00 a.m., Monday, February 11, 1946. The British delegation was headed by Sir Wilfrid Eady accompanied by C. F. Cobbold, Deputy Governor of the Bank of England; Right Hon. Malcolm MacDonald, British High Commissioner for Canada and Messrs. Brand, Grant, Jones, Bell, Holmes, Monroe and Bridge.

Right Hon. W. L. Mackenzie King, Prime Minister of Canada was an observer on the Canadian side. The Canadian chairman was the Right Hon. J. L. Ilesley and he was accompanied by Rt. Hon. St. Laurent, Minister of Justice and Mr. J. Gardiner, Minister of Agriculture; Mr. G. Towers, Governor of the Bank of Canada; Mr. N. Robertson, Under-Secretary of State for External Affairs; Dr. W. Clark, Deputy Minister of Finance; Mr. M. Mackenzie, Deputy Minister of Trade and Commerce and Messrs. Mackintosh, Coyne, Bryce, Kemp, Smith and Wheelock.

MR. ILSLEY welcomed the U.K. delegates. Mr. Malcolm MacDonald referred to the many real difficulties on both sides, but said that in his opinion the loan had three characteristics: it was a vital concern to the U.K., it was a vital concern to Canada and the world as a whole was vitally concerned with the outcome of the negotiations.

SIR WILFRID EADY then spoke at some length introducing the argument for the U.K. He said that the U.K. delegates came in the spirit of complete frankness and that any information which they had would be freely available to the Canadian side. The main object at stake was to restore the reconvertibility of sterling and that in this connection these negotiations might be regarded as a second step. The first step had been the prolonged negotiations in Washington and the third step would be British negotiations with the sterling area. These three steps were essential in clearing the position of the U.K. to take her full share in a freely expanding world trade.

The present British position is based on two facts. First, Britain's debts are war debts and have left behind them no productive assets. Second, Britain

cannot meet her liabilities from her present resources. These two facts mean that Britain can only pay off her external indebtedness by an excess of exports.

The problem then is essentially that of a balance of payments on current account. The following figures are indicative of the position in May 1945 as compared with the year 1938:

	1938	1945
	In millions	
Employment	20.	21.5
Armed forces	.6	5.2
War Industries	1.4	4 plus
Directly employed in export trade	1.3	.4

At the end of the war Britain had only 30 per cent of her pre-war employment in the export trade;  $\frac{1}{4}$  of her pre-war tonnage and  $\frac{1}{2}$  her pre-war income from overseas investments. It was not generally realized that Great Britain had expended \$6 billion in cash before the lend-lease programme, Mutual Aid and Canadian Government gifts became effective. Another table indicates the ratio of liquid reserves to quick liabilities:

	Liquid Reserves Millions	Quick Liabilities Millions
1938	£605	£473
April 1941	£3	
Mid 1945	£450	£3,600

Another result of the war was the great increase in British indebtedness to the sterling area. It is set forth in the following table:

	June 1939	September 1945
	In Millions	
Australia	£35	£ 81
New Zealand	£ 6	£ 70
S. Africa	£ 8	£ 36
Eire	£16	£ 182
India	£58	£1236
Egypt	£38	£ 470
Palestine	£ -	£ 120

All of this indebtedness is a charge on *current* production. Sir Wilfrid argued that the weight of these charges on current production must be equitable to be repaid. This equity was conceived to be a long term equity and he thought that it should not be extended for more than two generations. Great Britain would expect each sterling creditor to make some adjustment of the burden of indebtedness so that it becomes reasonable. With regard to the Indian balances, he said that they represent the sterling equivalent of rupees bought for British troops in India in accordance with a pre-war agreement. No one had foreseen the extent of the war effort in the Far East. He thought that the Indian Government could have contributed very little more (possibly £50

million a year) than they had in fact done. Negotiations with India would be complicated by the political relationship between the U.K. and Indian Governments. Sir Wilfrid said that in Egypt sterling balances were largely held by a small number of very wealthy men. In Egypt internal inflation was hopeless. Prices of the principle staples, wheat and cotton, were far too high. Negotiations would also be complicated because revision of the Anglo-Egyptian treaty is scheduled for this year. The question of ownership of the Suez Canal would also undoubtedly be raised.

SIR WILFRID then went on to discuss briefly the attitude of the U.K. toward the 1946 balance of payment picture. One of the most troublesome items was the expenditure of £300 million on government account overseas. Two-thirds of this, he said, would be military expenditure and the rest expenditures in Germany, contributions to UNRRA and so on. Britain has at present two million men overseas, many in the Far East, 250,000 in Germany and 45,000 in Greece. This expenditure raised difficult problems of prestige. He referred to Britain's great responsibility in the maintenance of law and order and pointed out that unless Britain was financially strong abroad, it would not be possible for her to be politically strong in her external relations. He referred briefly to the spirit of the British people at home, remarking that war weariness had been very noticeable during the present winter. He thought, however, that the weariness was accompanied by a grim, but optimistic determination to set their own house in order. In this regard he thought that the government had shown its hand in the three important respects. First, the Bank of England had been nationalized, second, the coal mines bill had been passed and third, they appeared determined to maintain their import policy in all its rigour. With respect to the coal mines bill he pointed out that before the war the coal mines had been a source of £100 million of foreign exchange annually, whereas now they were not producing enough to satisfy their home needs.

SIR WILFRID went on to speak briefly of the figures in the proposed balance of payments and said that they hoped to obtain equilibrium by 1949 and equilibrium plus in later years. He referred to the large existing liability of the U.K. Government in Canada and said that in making his request he spoke with a sense of full responsibility as an official of the U.K. Government.

He said that it was their desire to borrow as little as possible and at the same time, to borrow enough to meet their needs. He, therefore, requested, on behalf of the U.K. Government, a loan of \$1,250,000,000 interest-free.

*Monday, February 11, 1946—3:00 p.m.*

The meeting opened with Right Hon. J. L. Ilsley in the chair.

MR. COBOLD, Deputy Governor of the Bank of England, continued from Sir Wilfrid Eady's morning remarks, a further elaboration of the working of the sterling area and the dollar pool. He said that all present would be familiar with the problems of financing purchases in North America and with the various devices by which these problems had been met. He thought,

however, that he might show some further light on the problem of sterling area financing. The sterling area, he said, was a natural growth. It had developed over the last one hundred years as a result of the habits of international traders and the bankers in maintaining freely convertible balances in the U.K. There was nothing mystic or sinister about the dollar pool. It was merely a part of the mechanism of the international balance of payments, but during the war of course it had become necessary to control payments from the dollar pool very stringently so that maximum wartime use could be made of the limited dollar resources of the sterling area. This control, which had carried the voluntary support of members of the sterling area in wartime, would be difficult or impossible to maintain now that the unifying compulsion of war had ceased to be present. He regarded the sterling area as having both virtues and defects. Its principle virtue was that it had been a forced stability over a very wide area. One of its defects was that it had made too easy an accumulation of enormous U.K. indebtedness to various members of the area. The weight of debt was very heavy and there was extreme diversity in the nature of the debt. Not all of it was held by governments or central banks. In Australia and New Zealand it was government money by legislation. In India a large part of it was a counterpart of the note issue. In Eire almost all of it was in the form of private holdings. This was due to the fact that during the war trade between Eire and Great Britain had been almost entirely one-way trade. Apart from the balances, there were many current account debits to be met. Very heavy war expenditures were still going on in the Middle East and in the Far East. Britain too is very close to Europe and stability in the pound sterling meant that it was a focal point for general European stability. Two essential conditions, however, must be met. First, the liquid reserves of the sterling area must be sufficient, and second, there must be no extravagance on the receipts and payments side. During the war liquid reserves had, at times, been perilously low, but they are at the present time in a reasonably satisfactory condition.

MR. ILSLEY asked what would be the consequence if the American loan failed to pass Congress.

SIR WILFRID EADY said that the consequence would be disastrous. He summed them up as (1) collapse of the Bretton Woods agreement (2) reversion by the U.K. to a policy of "Schachtian bilateralism" and (3) starvation for the British people.

MR. ILSLEY pointed out that for Canada to make a loan along the lines of the one requested would have very serious consequences for Canada too if the American loan should fail to pass Congress. Under such circumstances there would be no consideration whatever on the U.K. side for whatever assistance Canada might be able to give. He had not thought, he said, of making the present agreement conditional upon the acceptance by Congress of the Anglo-American Agreement, but he had thought of postponing these discussions entirely until Congress had taken final action on the American loan.

MR. BRAND expressed the opinion that the proposed American loan would not be rejected by Congress. The American Government, he thought, regarded itself as committed to ensure its passage and had undertaken an extensive educational campaign to "sell" the loan to the American public. The only circumstances in which he envisaged its failure would be those in which Congress might attach conditions to the loan which would prove unacceptable to the British Government.

SIR WILFRID EADY added that there were certain conditions which might conceivably be attached to the loan by Congress which the British Government would not and indeed could not accept.

MR. ILSLEY then asked what would be the disadvantage for the U.K. if the loan at present under consideration should be limited to that required by the U.K. balance of payments position only and separate loans negotiated with other countries in the sterling area on commercial terms.

SIR WILFRID EADY promised that a detailed breakdown of the U.K. figures would be prepared for discussion at a later date.

MR. ILSLEY said that there were two difficulties in his mind which might be clarified by discussion. The first one was that the terms of the American loan prohibited the acceptance by the British Government of terms more favourable to the lender than those embodied in the American agreement. The second question which he thought would be politically difficult was raised by very large U.K. holdings in Canada.

SIR WILFRID EADY, speaking to the second question, thought that if it became necessary for the U.K. Government to liquidate their holdings of Canadian securities it could only be done by selling them in the highest market. This, he thought, would be New York. The consequence, he argued, would be merely to transfer the present British interest in Canadian enterprises to American owners.

MR. ILSLEY asked what would be the position of the Canadian Government if a loan agreement were made.

*The negotiations continued on Tuesday morning, February 12th  
in Room 123 of the East Block at 11:00 o'clock.*

MR. ILSLEY reverted to the question of U.K. security holdings in Canada saying that they proposed [*sic*] a grave political problem for the Canadian Government.

MR. COBBOLD said that he had prepared figures of British holdings of American securities as promised and gave them as follows:

The collateral for the R.F.C.<sup>1</sup> loan of \$250,000,000 had a present market value of approximately \$675,000,000. This meant that the excess of assets

<sup>1</sup> Reconstruction Finance Corporation.

pledged against the R.F.C. loan was approximately \$425,000,000. In addition the U.K. still holds in the United States \$166,000,000 of more or less marketable securities and about \$300,000,000 of what he described as "oddments". Thus the total value of British owned securities in the United States approximated \$875,000,000.

In Canada the U.K. held Canadian dollar securities to the aggregate value of \$770,000,000; Canadian sterling securities to the value of \$480,000,000 and had a direct investment of from \$200,000,000 to \$300,000,000. The U.K. had repatriated in the early days of the war United States securities to the value of \$800,000,000 United States dollars and Canadian securities to the value of \$900,000,000 United States dollars. The total liquidation of overseas investments which had occurred during the war amounted to approximately four and a half billion dollars. The present value of the British overseas investment still held was hard to calculate, but the annual income from this investment was about \$390,000,000 net or \$675,000,000 gross. The \$390,000,000 net included the figure of \$44,000,000 net as income from securities held in Canada.

MR. ST. LAURENT said that he would like to consider the effect on the Canadian budget of British failure to repatriate their Canadian securities. The government, he pointed out, was already committed to an annual transfer payment of approximately \$500,000,000. To this must be added the net payment to the U.K. of \$44,000,000. It would be asked why interest should be paid by the Canadian Government on monies borrowed by the U.K. Government in addition to the assistance which Canada had given during the war and the further assistance contemplated in the present negotiations. He recalled that at the time of the \$700,000,000 interest free loan, prices of U.K. held securities were unduly low and it was thought that it might be unfair to require the owners to part with them at the then current price. Market values have, however, risen substantially since that time and he had no doubt that the investors who retained their securities are now happy to have done so. However, now that the market is high it is difficult to avoid dealing with this problem. The easy way would be to wipe out the indebtedness, but this would involve requisitioning the securities and the Canadian Government was not anxious to be put in the position of forcing this move. He wondered if arrangements could be made to wait for U.K. investors to realize gradually on these securities and to use the proceeds of such realizations to reduce the amount of the indebtedness. Meanwhile, the U.K. Government might pay the equivalent of the interest on such holdings to U.K. investors in pounds sterling. When Canada wishes to make capital expenditures in the U.K. or in the sterling area, it would do so from the balance of the securities so held. Under the plan as he envisaged it, the U.K. would not have the \$44,000,000 annual interest. The Canadian Government would have it as interest on the existing liability and would, in turn, be paying the interest on all U.K. liabilities in Canada. The difference between the existing liabilities and the realized or realizability value of the British holdings in Canada would

be the amount of the Canadian loan to the U.K. It might be in the neighbourhood of \$500,000,000.

MR. ST. LAURENT went on to say that if what the U.K. delegation were asking for was really a contribution and not a loan, in his opinion, the Canadian people would prefer that it be called a contribution and not a loan and that it be defended in these terms. During the war, in his opinion, Canada had gone the limit out of current taxation, paying 50 per cent of all war costs as it went along. There has been a large carry-over of continuing costs for future generations. Now that the war was over he was not sure that the Canadian people would be prepared to make additional contributions towards its cost.

THE PRIME MINISTER remarked that the political difficulties in the way of accepting the U.K. request should not be minimized.

SIR WILFRID EADY said that, although the fighting was over, the war was not over for the people of the U.K. Many direct war costs will still be borne in 1946 and subsequent years. He agreed that what was suggested yesterday would be a burden on the Canadian tax-payer. There was a continuing burden on the British tax-payer, not only as a tax-payer, but also as a consumer. He pointed out that any reduction in British overseas assets would decrease the purchasing power of the U.K. All old liabilities here are not of the same kind. The air training plan had not worked out as the British had thought that it would. They had hoped to examine that liability. They had never expected to pay interest on it. When they had said yesterday that the magnitude of their needs for new money pointed to the reasonableness of an interest-free loan, they had expected that difficulties might be raised, but they had never expected to have to discuss interest payments for liabilities accumulated during the war.

MR. ILSLEY stated that it had always been in his mind that after the war interest-free loans would bear interest. In defending in the House of Commons the financial provisions of the air training plan, he had always held it as a thought in the back of his mind that the British held a large block of securities in Canada. He had defended Mutual Aid on the ground that we were making a contribution to a common cause.

SIR WILFRID EADY said that what had happened was that the overseas payment position of the U.K. is infinitely worse than any one had foreseen. It was sharply worse, but only temporarily so. He was very much disturbed with the suggestion that the Canadian Government might regard it as necessary to charge interest on the liabilities which had arisen as a result of direct wartime expenditure.

MR. ILSLEY remarked that the United States had charged \$650,000,000 to wind up Lend-Lease.

SIR WILFRID EADY pointed out that this charge was a governmental rather than a congressional arrangement. He thought that the American Government

had been most generous and estimated that the U.K. had received new assets, including food, to a value of at least double the price charged for final settlement.

MR. ILSLEY observed that the possibility of government actions were limited by a thought of attacks which might be made upon their action. He did not anticipate that such attacks would come from the official opposition, but rather from the C.C.F. and certain members of the government party.

SIR WILFRID EADY asked what the U.K. might say to Australia, New Zealand and India if Canada was determined to charge interest on the old debts.

MR. ILSLEY inquired whether the U.K. is now paying interest to countries in the Middle East, to India and to Burma.

MR. COBBOLD answered that they were paying  $\frac{1}{2}$  per cent, the Treasury Board rate, on the great bulk of that debt.

MR. ILSLEY said that Canadian public opinion might hold that it was bad enough that sterling area countries did not give mutual aid, but that it was intolerable for them to pile up huge balances and then charge interest on them.

SIR WILFRID EADY said that he had no comprehensive answer. Australia had given about one-sixth of her national income as mutual aid to the support of United States troops. New Zealand had altered her whole industrial economy, not necessarily to her own advantage, and sold her goods to the U.K. very cheaply. Regarding South Africa, it was difficult to make a convincing case, but it must be remembered that South Africa went into the war by a majority of only three votes. A favourable case could not be made, he thought, for India.

U.K. capacity to pay would depend on

1. The structure of their current balance of payments and
2. Negotiations with the sterling area

MR. ILSLEY remarked that in the circumstances our assistance would seem to be a speculative assistance—a noble experiment.

SIR WILFRID EADY said that after consultation with his colleagues they had decided that it would not be possible to recommend to their Government that the proposed loan agreement be made conditional upon acceptance by Congress of the American agreement. However, he was quite willing to recommend that a consultative clause be embodied in the agreement. It should be on the record. They would agree to immediate bilateral consultation if the American loan should fail. Conditions would be so different that the bargain could not go on.

MR. ILSLEY asked if they would be prepared to have such a statement made in the House of Commons.

SIR WILFRID EADY said yes. He thought it would be proper to exchange letters agreeing that in such an eventuality it would be proper to review the

whole position. Sir Wilfrid pointed out that many of the U.K. sterling area creditors are not politically sympathetic to the U.K. If Canada does not extend the maximum assistance possible, who could be expected to do it?

MR. MALCOLM MACDONALD remarked that the U.K. negotiators had gone to Washington hoping for a \$5 billion interest-free loan which they regarded as a minimum request. Washington hopes had not been realized. Thus the first stage of the efforts to clear the U.K. position had been disappointing. If results of the second stage of negotiations were also disappointing it was inevitable that in the third stage the results would be even less satisfactory. At that point it might appear that the whole situation had reached a level so much lower than what was regarded as a workable minimum that the British Government would have to reconsider the whole matter. He thought that it was necessary at the present time for all to share in meeting the present difficulties. Two of the main costs to the U.K. were the austerity programme and the support of British military establishments abroad. He urged that Canada make a financial contribution to the rehabilitation of the world.

SIR WILFRID EADY agreed that essentially the British request was a request for the Canadian tax-payer to share in the burden of world rehabilitation. He added that whether the British had any right to make any such request he did not know.

DR. CLARK expressed the opinion that the real argument in support of the British request was the cost of any possible alternative.

MR. ILSLEY asked how many U.K. securities had been repatriated by the Governments of India and the sterling areas. He said that he recalled debates in which he had had to argue that Canadian repatriation was not feasible because of the effect of the example on India.

MR. COBBOLD stated that U.K. policy in this regard had not changed since 1942.

It was agreed that the meeting would adjourn and meet again on Wednesday morning at 11:00 o'clock.

800.

W.L.M.K./Vol. 403

*Mémorandum de la délégation de Grande-Bretagne**Memorandum by Delegation of Great Britain*

[Ottawa,] February 13, 1946

## U.K.-CANADA FINANCIAL DISCUSSIONS

1. If the understanding of the United Kingdom delegation is correct, the suggestion made by Mr. St. Laurent at yesterday's meeting is as follows:

(a) The United Kingdom investment holding in Canada (amounting to approximately Canadian \$1,500 million) should be valued and a loan equivalent to this value extended to the U.K. Assuming the value to be \$1,500 million as estimated above, there would be offset against this loan the \$560 million of the Old Loan outstanding, the \$425 million for the Air Training schemes and the net balance on war and other remaining liabilities. After all these claims have been offset against the loan, any balance up to \$1,500 million would be available to the United Kingdom as new money towards meeting their Canadian dollar requirements. This sum would clearly be inadequate and the method of financing further requirements would be for later discussion.

(b) On this loan of \$1,500 million interest would be paid equivalent to the income received by the United Kingdom from their existing investments in Canada (estimated at approximately Canadian \$55 millions per annum).

(c) The securities would be left in private ownership but provision would be made (as in the case of the Old Loan) for proceeds of any sales of the securities to be used in repayment of the loan.

2. The United Kingdom delegation fully appreciate the validity of Mr. St. Laurent's arguments about the internal political difficulty of any settlement which does not take account of U.K. investments in Canada and of the income deriving therefrom. At the same time they feel that there are most cogent reasons why the proposal would not be in the best interest of either country. These reasons fall under three main headings: first, the effect the proposal would have on U.K.-Canadian trade; second, its effect on parallel negotiations between the U.K. and other countries; and third (arising in large part from the second) its effect upon the common approach of the U.K. and Canada to post-war world-wide economic problems.

3. The triangle of U.S.A.-Canada-Sterling Area payments has for many years shown a chronic surplus of Canadian earnings in sterling against a deficit in U.S. dollars. In a perfect multilateral world this position might cause no preoccupations, but in the troubled world which we must foresee for many years to come neither Canada nor the United Kingdom can neglect it. Income on U.K. investments in Canada has helped in past years to narrow the gap in U.K.-Canada payments, and even on its present reduced scale it would still be valuable help in years to come. To hypothecate this income and dry up its source in the settlement of an exceptional position arising from the war must aggravate rather than alleviate future U.K.-Canadian problems and can only reduce the imports which the U.K. can take from Canada or alternatively increase Canada's accumulating sterling surplus.

4. Besides the current negotiations with Canada the U.K. have two main settlements to complete, one with the U.S.A. and one with the sterling creditors.

(a) *U.S.A.*

The U.K. have outstanding in the U.S. the following U.S. dollar securities:

	<i>estimated current values</i>	<i>U.S.\$ millions</i>
Pledged against R.F.C. loan, current value (of which under 400 are marketable securities)	675	
Less amount of loan outstanding	250	
	<hr/>	
Other marketable securities held in U.K.		425
Miscellaneous assets including trusts under U.S. law etc. largely unrealisable and of Problematical valuation, say		166
		290
		<hr/>
		881

Acceptance of Mr. St. Laurent's suggestion would give rise to immediate demand for hypothecation of all these securities and of the full interest deriving therefrom (whereas in the recent negotiations no demand was made beyond the original R.F.C. arrangements). Moreover, a proposal on these lines would represent terms more favourable to the lender than in the recent Washington agreement and would force the U.K. to re-open negotiations with the United States on a new and even more difficult basis.

(b) *Sterling Creditors.*

The United Kingdom's debt in sterling, arising almost entirely out of the war, amounts to some £3,600 millions. Any settlement of this debt which is to give a prospect of early progress towards world-wide economic prosperity must allow both for adjustment of the total balances and for a negligible or nil rate of interest. A settlement with Canada which not only required the U.K. to repay in full existing debt arising directly out of the war but also secured it against the U.K.'s remaining pre-war Canadian investments and loaded it with a heavy interest burden, would destroy any prospect of a reasonable settlement with the sterling creditors.

5. But the fundamental difficulties seen by the United Kingdom delegation in Mr. St. Laurent's suggestion are on a much wider plane. In the various discussions held in recent years between U.K. and Canadian representatives there has been a common view that an early return to greater freedom of trade between nations and to multilateral convertibility of currencies is not only an ideal but an essential pre-requisite of the expansion of world trade which we all desire. The proposal to valorise fully a wholly unproductive war debt, to set aside as security for this debt the remains of the U.K.'s commercial investments in Canada, and to charge the debt a heavy rate of interest, appears to be in direct contrast with this approach. If the United Kingdom were to be forced to shoulder burdens of this sort in respect of war debts (and the example of a settlement with Canada would inevitably react on settlements with

the rest of the world), they could not in any honesty undertake at an early stage the risks and obligations involved in the policy which both the United Kingdom and Canada believe to be in the best interests of the world and therefore of every great trading nation. At the meetings during the last two days the U.K. delegation have endeavoured to explain the balance of payments difficulties which face the U.K. during the transitional period, the importance which they believe a stable sterling currency has for the world, and their sincere desire, if they can obtain sufficient help to tide over the next few years, to adopt forthwith policies which will expand and not restrict world trade.

6. The United Kingdom delegation, whilst they fully recognize the Government of Canada's preoccupations, firmly believe that both on its merits and in the lead it would give elsewhere, a settlement on the lines indicated by themselves would greatly advance the prospects of wise and practicable all-round settlements of debt arising directly and indirectly from the war, settlements which would be in the interest of every trading country, creditor no less than debtor. Indeed, they see in these negotiations with Canada, which has above all other countries shared the U.K.'s approach to these questions and shown a very full appreciation of the long-term interests involved to all concerned, the best and perhaps the last opportunity for establishing a precedent for dealing with the direct and indirect financial consequences of the war in such a way as not to prejudice the financial and commercial prospects of peace.

801.

PCO/C-20-2

*Extrait d'un mémorandum du secrétaire du Cabinet  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] February 15, 1946

The following items of particular concern to the Department of External Affairs were discussed at meetings of the Cabinet held on February 13th and 14th, and the following conclusions were reached:

. . .

*5 Financial discussions with the United Kingdom; progress report*

The Minister of Finance reported upon discussions with U.K. officials, the substance of which is known to you. In this connection the Prime Minister emphasized the necessity of finding some method of providing assistance which could be understood by the Canadian public as being of direct and prompt benefit to this country.

. . .

A. D. P. H[EENEY]

802.

DEA/154

*Le chef, la délégation de Grande-Bretagne, au ministre des Finances*

*Head, Delegation of Great Britain, to Minister of Finance*

Ottawa, February 16, 1946

Dear Mr. Ilsley,

As arranged with you, I enclose copies of an aide-mémoire covering the representations we made to you yesterday afternoon.

You will see that the note contemplated merging the outstanding balance of the old \$700 million loan with the new credit. In our discussion it was represented that it would be much more satisfactory to leave the present arrangements in connection with that loan undisturbed, that is that it might continue as an interest-free loan, and that the proceeds of any sales or redemption of U.K.-owned Canadian securities should be devoted to its repayment. We should be very willing to agree to this, provided that the proceeds were net, that is after allowing for U.K. residents who hold Canadian securities to sell for the purpose of switching the proceeds into some other Canadian security.

I should of course make it clear that in recording this conversation we are not implying that you were in agreement with our general position on the treatment of the loan. You reserved your attitude and said you would have to consult your colleagues.

You also asked me whether in the event of the Government of Canada reaching an agreement on the lines we had proposed, we could suggest any action on our part which would (a) hold out prospects of immediate benefit to Canadian manufacturing, producing and commercial interests and (b) make it plain that we would follow up the decisive lead given by Canada and expect our other creditors to recognise their obligation to assist in the task of early improvement of financial and trading conditions.

On the first point we would of course examine any specific instances you or your colleagues had in mind. But meanwhile if you thought that it would help you if we could proceed with the plans about manufactured imports which were worked out between Mr. Mackenzie of the Department of Trade and Commerce and the Board of Trade, an early expression of the views of Canadian Ministers would be helpful.

On the second I have no doubt that if the agreement were on the lines we suggested, the Chancellor of the Exchequer would make an opportunity immediately on the publication of the agreement to announce in Parliament the significance which the U.K. Government attached to the agreement, both in relation to the trade interests of Canada, and also to the pattern that the U.K. Government would expect to arrange in its negotiations with its sterling creditors. We should of course wish to consult you on the form of any statement made.

I hope that this will assure you of the wide significance, quite apart from its direct interest to U.K.-Canada trade, which we should attach to a satisfactory agreement with Canada at this stage, as a decisive instrument of policy for the immediate future.

Yours sincerely,

W. EADY

[PIÈCE JOINTE/ENCLOSURE]

*Aide-mémoire de la délégation de Grande-Bretagne*

*Aide-mémoire by Delegation of Great Britain*

We understand Ministers feel that they may not be able to meet the hope we have expressed that a new credit could be made free of interest, and that if there is to be any significant cancellation of the existing war indebtedness of the U.K. to Canada, they would expect account to be taken of the value of U.K. investments in Canada.

On the terms of a new credit the Government of Canada must be the final judges of what it is possible to offer. We should, however, be failing in our duty if we did not express strongly the view that if it is felt necessary to insist on the same terms as in the Washington Agreement, a great constructive opportunity will have been missed. The burden of interest in the entirely exceptional circumstances which give rise to the need for this credit would be out of tune with the underlying realities. No one who knows the whole position would seriously dispute this comment on the Washington agreement. The plain fact is that if a new loan has to be charged with 2% interest, opinion in the United Kingdom will be that Canada has felt obliged to follow the American pattern. Ministers know what was the public judgement in the U.K. on the terms of that Agreement. It was not that the terms were regarded as harsh in themselves, but that they were felt by everybody to be very different from what had been expected, which was a final act of partnership in war. None of the other victorious Allies will have to shoulder, as a result of victory, a new and vast burden of external debt. The debt the U.K. must redeem over the life of two generations, largely in payment to its partners in that victory.

We recognise the sincere effort to meet our difficulties represented by the ideas which Dr. Clark mentioned to us as having been discussed by Ministers. Nevertheless, if the suggestion about the U.K. investments in Canada is that they should be sold in order to finance our purchase of food, etc. in Canada over the next two years, we are certain that such a proposal would be rejected by public opinion of all kinds in the United Kingdom. Apart from the loss of essential income for our balance of payments that the sale would immediately cause, many of these investments have their roots deep in the history of Canada's industrial and political development. To force their liquidation because of the temporary financial difficulties of the United Kingdom caused by the war, would be to tear up established associations which have enduring

significance for the long-term interests of both countries. We believe that both politically and commercially this would be very grave.

Further, we should be reintroducing, at the end of the war, the compulsory vesting and forcible sale of overseas securities. We should be reopening claims in the U.S.A., India and South Africa which we have successfully resisted so far. The immediate consequences to the prospects of the Washington Agreement might well be fatal. We could not in any circumstances recommend such a proposal for the consideration of our Government.

The settlement for which U.K. Ministers hoped, and one which would be consistent not only with the facts of the case which we have presented to you, but also, as we see it, with Canada's need, in the interests of her own trade, for an early contribution by the U.K. to economic confidence and the promotion of recovery in its widest sense, would be as follows:

The claims and counter-claims as at 28th February, 1946, should with the major exception below, be cancelled. The balance of the interest-free loan, although strictly a war debt and thus wholly unproductive, should in view of its special nature and origin, not be included in the general cancellation, but be carried forward and merged into a new credit.

\$1,250 m. of new money would be provided and \$500 m. (the balance of the existing loan) would be carried forward, the total being free of interest, and repayable in 50 equal annual instalments beginning 31st December, 1951.

Ministers have been frank in telling us of their difficulties and we fully appreciate them. Yet we earnestly beg you and your colleagues to consider again whether a settlement on these lines could not be presented to Canadian opinion as a constructive and far-sighted act of leadership and enlightened self-interest for Canada, and would not in fact be so envisaged in Canada and indeed in other parts of the world. Throughout the war the U.K. people have felt that they share with Canada the closest community of view on the economic and political problems of the peace. As we have already stated, we see in these discussions a real opportunity, and perhaps the last, for setting a basis for sanity in the final clean-up of the financial consequences of war.

In our previous conversations with you we have endeavoured to develop fully the vital importance of general settlements which will ensure stability to sterling, a factor of immediate and wide significance to the French, Dutch, Belgian and other European Governments as well as to the sterling area itself, and which will give the U.K. the necessary elbow room to move quickly towards the policies in which we believe. Canada's direct interest in a stable U.S. dollar-sterling rate and in convertibility of sterling is, from the nature of her trade, both deep and lasting, and her indirect interest, by way of the stability and convertibility of currencies allied to sterling, is little less. We do not wish to go over this ground again, beyond emphasising the importance of a quick rather than a gradual and laboured return to economic sanity, with all the risks which delay implies of falling back towards economic chaos or "totalitarian" developments in economic policy.

The difference between an interest-free credit and 2% interest (qualified by a waiver clause) can have little effect on Canadian economy since the interest payable will mean that in the long run the U.K. can buy that much less from Canada. For us it means much more; it is an addition to the already heavy annual debt payments we must make. But its importance is greater than its amount. We have very heavy defence and security expenditure overseas which we must continue to discharge if the peace is to be made safe. We have responsibilities towards Europe if we are to prevent the spread of economic disorder and the political dangers which follow it, dangers never more grave than at this time. Our policy in such matters can only be hesitant and incomplete if all the time we are haunted by anxieties over our overseas financial position.

803.

PCO/C-20-2

*Extrait d'un mémorandum du secrétaire du Cabinet  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] February 22, 1946

At a meeting of the Cabinet held yesterday, February 21st, the following conclusions, of particular interest to your department, were reached:

. . .

*2 Financial arrangements with the United Kingdom*

The Cabinet agreed that proposals on the following basis should be made to representatives of the U.K. government:

(a) an agreement between the two governments under which Canada would agree to provide a loan of new money to the United Kingdom in the amount of \$1,250 million, on the same terms as the loan agreed with the U.S. government;

(b) an extension of the interest-free feature of the 1942 loan to the date upon which interest would begin to run under the new loan agreement, it being understood that, meantime repayments on principal would continue to be made from the sale and redemption of U.K. owned Canadian securities and that any interest on any unpaid balance would be agreed, at the time, at a reasonable rate in the conditions then existing; and,

(c) an understanding that, while the government could not, at this time, accept cancellation of remaining U.K. liabilities under the B.C.A.T.P. Agreements, they would be prepared to accept conversion of this debt into sterling and to review the position at a later date and accept eventual settlement thereof on a basis not less favourable than that accepted by other Allied sterling creditors of the United Kingdom.

A. D. P. H[EENEY]

804.

PCO/C-20-2

*Extrait d'un mémorandum du secrétaire du Cabinet  
au sous-secrétaire d'État aux Affaires extérieures*

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

TOP SECRET

[Ottawa,] February 26, 1946

Of the items discussed at a meeting of the Cabinet held yesterday, the following items are of particular concern to your department:

*1 Financial arrangements with the United Kingdom*

The Minister of Finance reported that the proposals approved by the Cabinet at the meeting of February 21st had been discussed with the U.K. Treasury representatives the following day when it had been evident that a satisfactory agreement on that basis would not be possible.

The Cabinet, after considerable discussion, agreed that the proposals approved at the meeting of February 21st be amended by deleting paragraph (c) thereof and substituting therefor cancellation of remaining U.K. liabilities under the Air Training Agreements on condition that agreement was reached between the two governments on the basis of paragraphs (a) and (b) thereof (involving a new \$1,250 million loan on the U.S. terms and a five year extension of the balance of the 1942 loan without interest), it being understood that the United Kingdom would undertake cash settlement for the net amount owing upon post V-J Day purchases in Canada.

\* \* \*

A. D. P. H[EENEY]

805.

DEA/154

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne<sup>1</sup>*

*Secretary of State for External Affairs to High Commissioner  
in Great Britain<sup>1</sup>*

TELEGRAM 553

Ottawa, March 2, 1946

SECRET. United Kingdom-Canadian financial discussions.

1. The financial discussions with the United Kingdom delegation headed by Sir Wilfrid Eady, which have been under way during most of February,

<sup>1</sup> Des télégrammes semblables furent expédiés aux ambassades à Washington et à Paris.

<sup>1</sup> Similar telegrams were sent to the Embassies in Washington and Paris.

have now taken conclusive form and we are hopeful that agreement may shortly be reached.

2. The negotiations have been complex, involving a variety of proposals related to four main constituent elements, and as the ground shifted almost daily I did not feel that I could give you much useful information about the progress of the talks. Following review of course of negotiations is for your own confidential information.

3. The main elements were the terms of the proposed new loan; the United Kingdom's indebtedness on the Air Training Plan of about \$425,000,000; the 1942 interest-free loan of \$700,000,000, now reduced to about \$500,000,000; and a miscellany of claims and counter-claims arising out of the supply during the war of goods and services, the amount of which has not yet been definitely determined.

4. There was little difference of opinion as to the amount of the new loan. It was accepted early in the talks that the amount should be \$1,250,000,000. This is the amount which the United Kingdom has requested to cover its requirements from us of Canadian dollars until 1951.

5. On the terms there was, however, a wide variance between the United Kingdom and Canadian views. The United Kingdom delegates pressed for an interest-free new loan on about the same grounds that they advanced in their negotiations with the United States. Though we recognized the inadequacy of the United States terms, we maintained that the United Kingdom-United States Agreement in preventing us from receiving better terms than the United States-United Kingdom terms, made it politically impossible for us to accept worse terms. We felt that the United States Agreement had set a general pattern from which it would be difficult to depart particularly since the United States interest rate which we are ready to give is about one-third less than the Canadian Government long-term borrowing rate.

6. We were concerned, too, about the United Kingdom holdings in Canada of about \$1,500,000,000, for it was expected that questions would be raised in Parliament of the need for lending the United Kingdom while that country still possessed such substantial holdings in Canada. We explored the possibility of linking repatriation of these holdings with the amortization of the new loan and much of the earlier discussion centred on this aspect. We have, I think, now come to recognize that any such proposal would be unacceptable to the United Kingdom and perhaps that it might not be in our interest to press too hard for it.

7. A great many combinations were considered involving different treatment for the four constituent elements. Now, however, the United Kingdom is willing to accept an arrangement which represents from our point of view a great improvement over the earlier United Kingdom proposals. This is, in brief:—

(a) A new loan of \$1,250,000,000 on the terms of the United Kingdom-United States Financial Agreement;

(b) The cancellation of the United Kingdom's indebtedness under the Air Training Plan;

(c) A continuation of the existing arrangements for the 1942 loan for a period of five years, with discussion at the end of the period on repayment of any balance outstanding and on the question of interest;

(d) Payment by the United Kingdom of \$150,000,000 in cash in satisfaction as of 28th February 1946 of all claims and counterclaims between the two Governments.

We have at various times expressed our willingness to offer United States terms and to cancel the Air Training Plan indebtedness, although our approval was related to overall proposals that differed from the one now presented to us. We are examining the magnitude of the adjustment involved in (d), and estimate very roughly indeed that the payment proposed by the United Kingdom is within \$50,000,000 of the net amount involved.

We have not yet agreed nor discussed to any extent the conditions of the new loan. I think it likely that we shall propose the inclusion of a clause that would accord Canada treatment as favourable as that accorded to any other country in respect to the application of exchange controls and restrictions on payments and transfers for current transactions and in respect to the administration of quantitative import restrictions.

806.

DEA/154

*Mémoire du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] March 2, 1946

FINANCIAL ARRANGEMENTS WITH THE UNITED KINGDOM

At the meeting of the Cabinet on March 2nd, the Minister of Finance reported the reply received from the United Kingdom government to the amended proposals which had been put to the United Kingdom Treasury Delegation as agreed at the Cabinet meeting of February 25th.

The Cabinet, after further discussion, agreed that the Minister of Finance be authorized to conclude an agreement with the United Kingdom government on the basis of the reply received from the United Kingdom delegation, unless, in the light of further information upon the items involved, he wishes to have further consideration given to the proposed cash settlement of outstanding liabilities between the two governments.

R[OBERTSON]

807.

DEA/154

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

Ottawa, March 8, 1946

## FINANCIAL ARRANGEMENTS WITH THE UNITED KINGDOM: AGREEMENTS

At the meeting of the Cabinet on March 6th, approval was given to the two draft agreements<sup>1</sup> with the United Kingdom, submitted by the Minister of Finance, also the letter to the Chancellor of the Exchequer regarding suspension of certain conditions pending action by the United States Congress, and the agreed press statement, issued on March 7th. Appropriate Orders in Council were enacted authorizing signature of the agreements by Mr. Ilsley.

808.

DEA/1893-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire  
en Grande-Bretagne*<sup>2</sup>*Secretary of State for External Affairs to High Commissioner  
in Great Britain*<sup>2</sup>

DESPATCH 520

Ottawa, March 23, 1946

SECRET

Sir,

I refer to the Financial Agreement between Canada and the United Kingdom, signed at Ottawa on March 6th, 1946, and related documents, which I forwarded with my despatch of March 8th.

The arrangements were generally welcomed in Canada and also in the United Kingdom. It had been forecast that the similarity of the terms and conditions of the Canadian and the United States credits would result in a reception in the United Kingdom having some of the chill if not all of the bitterness that was accorded the announcement of the United States-United Kingdom Agreement. In the event, the differences between the two arrangements appear to have been taken as sufficiently substantial not only to offset the distastefulness of the similarity but to elicit enthusiasm. Then, too, it was accepted more rapidly than had been anticipated that Canada was compelled for internal political reasons to apply the United States formula on exchange

<sup>1</sup> Voir Canada, *Recueil des traités*, 1946, Nos. 9 et 10.

<sup>2</sup> Des dépêches semblables furent expédiées à toutes les missions à l'étranger.

<sup>1</sup> See Canada, *Treaty Series*, 1946, Nos. 9 and 10.

<sup>2</sup> Similar despatches were sent to all missions abroad.

and import restrictions. If that prescription was bitter, the United States and not Canada was its author.

The Canadian credit differs importantly from the United States credit in the following respects:

The amount is adequate, meeting in full the United Kingdom request for Canadian dollars considered sufficient, with other resources, to meet the United Kingdom requirements till 1951. The British did not receive from the United States the amount which they requested and considered necessary to meet their needs of American dollars for the same period.

The Canadian loan is, moreover, larger when regard is taken of the difference in the Canadian and United States economies. As the *Economist* of March 9th puts it: "The free cash that Canada is to provide is rather more than one-quarter of that afforded by the United States loan yet Canada's national income is hardly one-twentieth of America's."

While the rate of interest of 2% which Canada is charging the United Kingdom is the same as the United States rate, the cost of Government borrowing is about  $\frac{1}{2}$  to  $\frac{2}{3}$  of 1% higher in Canada than in the United States. Hence, the rate is less favourable to the lender than in the United States Agreement, and is considerably below the cost of domestic borrowing.

There are too, some differences in form which perhaps give the Canadian Agreement a better complexion than the United States'. The Canadian Agreement does not spell out the conditions in respect of British Exchange control and import restrictions. It was this perhaps that led one United Kingdom commentator to say that we had not imposed "far-reaching limitations on freedom of action in economic policy" though the Agreement does, in fact assure Canada of the benefits of the conditions which the United States imposed. Article 5 gives us the right to treatment as favourable as that accorded any other Government with which an agreement has been made. It has moreover been recognized by both Governments that if the United States loan is not approved by Congress, we shall have to discuss what changes need be made in the Agreement. As you know, Articles 5, 6 and 7 do not become operative until it is known that the United States Agreement will be approved by Congress.

On the other hand, if the Canadian loan is approved by Parliament before the United States loan is approved by Congress, the British will be free to draw on the Canadian credit. If Congress does not approve the American loan, it is likely that the Canadian credit will stand, though with new terms and conditions.

The Canadian Agreement states in specific terms the amount of debt owing to Canada by the United Kingdom which is to be cancelled. The total indebtedness was \$500,000,000 outstanding on the interest-free loan of 1942 and \$425,000,000 owing under the Commonwealth Air Training Plan. Of this total of \$925,000,000, Canada wrote off, conditional upon the passing of the United

States loan in Congress, about 46% or \$425,000,000. This should considerably assist the United Kingdom in the second phase of its financial negotiations, that is, in its dealings with India, Egypt and other holders of sterling balances. The United States Agreement, on the other hand, obscures, perhaps for domestic political reasons, the cancellation of indebtedness. It is believed that a very substantial cancellation is, in fact, concealed in the settlement of United Kingdom indebtedness to the United States at \$650,000,000. We know from British comment that the concession involved in this figure was so generous, that it led the British negotiators to agree to terms and conditions on the new money that would otherwise have been unacceptable. (You will have noted that in the War Claims Agreement, which we concluded with the United Kingdom, we are to accept \$150,000,000 in cash in settlement of all claims and counter-claims. This does not represent any concession to the British since the amount is an approximation of the claims and counter-claims outstanding as at February 28th of this year).

The Canadian negotiations were comparatively short, lasting only three weeks, and were free from the newspaper crises that arose repeatedly during the lengthy negotiations in the United States. What negotiating difficulties there were in Ottawa were settled between the negotiators without publicity.

It is our earnest hope that the Agreement will not only assist in resolving mutual problems but will contribute to the realization of the common objective of an expanding world trade and thereby to the peace and security of all peoples.

I have etc.

S. D. PIERCE  
for the Secretary of State  
for External Affairs

809.

DEA/8548-A-40

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 89

London, May 31, 1946

Now that Financial Agreement Act has been passed by Parliament of Canada and has received Royal Assent, I desire to express to you, and through you to the Government and people of Canada, how deeply the Government and people of this country appreciate this mark of generosity and friendship. It is indeed an encouragement to us at this difficult time to know that we have the goodwill of Canada and that in peace, as in war, she is ready to give practical effect to it.

810.

DEA/154

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

SECRET

[Ottawa,] December 19, 1946

U.K. HOLDINGS OF CANADIAN DOLLAR SECURITIES;  
DISPOSITION OF PROCEEDS OF SALES AND REDEMPTIONS

At the meeting of the Cabinet on December 19th, it was agreed:

(a) that U.K. residents who now held Canadian dollar securities should be allowed to accept new securities offered in exchange of the old securities in a reorganization, rather than being forced to accept a cash offer if one were made;

(b) that Canada allow Canadian dollar securities held by U.K. residents to be transferred to heirs on the occasion of settlement of estates;

(c) that Canada allow new direct investments to be offset against sales of market securities for the purpose of calculating the amount which should be applied on the 1942 loan; direct investments for this purpose to include the development of new enterprises or companies in Canada and the expansion of U.K. owned enterprises in Canada.

811.

DEA/864-A-39

*Le président suppléant, la Commission de contrôle du change étranger,  
au chef, la direction économique*

*Alternate Chairman, Foreign Exchange Control Board,  
to Head, Economic Division*

Ottawa, December 21, 1946

Dear Mr. Pierce,

Referring to our telephone conversation of yesterday, I am enclosing here-with a memorandum setting out the two main changes in exchange control procedures which have been made as a result of the new foreign exchange control regulations. It is important to note that the partial convertibility of sterling involved in the new regulations does not of itself result in any improvement in Canada's over-all foreign exchange position as the bulk of the sterling area purchases in Canada will for the time being continue to be financed out of the proceeds of the Canadian dollar credit. Its immediate significance is, therefore, mainly as an additional convenience to traders.

In addition to the two major changes outlined in the attached memorandum, there have been various minor changes which I do not think would be of particular interest to our missions abroad. These involve general increases in exemptions from completion of forms, etc. with a view to simplifying exchange control procedures for the public to the greatest extent possible consistent

with the maintenance of effective control and a number of other changes of an administrative nature directed to the same end. If you feel that the details would be of any interest we shall, of course, be glad to supply them.

Yours very truly,

L. RASMINSKY

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de la Commission de contrôle du change étranger*

*Memorandum by Foreign Exchange Control Board*

[Ottawa,] December 21, 1946

MEMORANDUM RE NEW FOREIGN EXCHANGE CONTROL REGULATIONS

1. The present distinction between the sterling area and the other countries is eliminated and the Regulations authorize the carrying on of trade between Canada and the rest of the world on the basis of payments in U.S. dollars, sterling or any foreign currency which may be freely converted into either of those currencies. At present trade with the sterling area is carried on solely on a sterling or Canadian dollar basis and with the rest of the world solely on a U.S. dollar basis. The general effect of this change will be to simplify the operation of exchange control for exporters and importers to the extent that payments may be accepted and made in any foreign currency for trade with other countries.

The basis for this change is that the United Kingdom is committed under the Anglo-American Financial Agreement to permit sterling arising from current transactions to be freely transferable between residents of other countries by July 1947, and is now commencing to take certain steps towards achieving this result. As of January 1, 1947, when the Foreign Exchange Control Act comes into force, the United Kingdom has agreed to make sterling transferable between Canada and the United States and Central and some South American countries. Initially, therefore, payments of sterling from and to Canada will be limited to transactions with those countries and with the sterling area but the list will be added to from time to time as the United Kingdom makes arrangements with other countries until complete transferability is achieved by July 1947.

The effect of sterling being transferable from Canada to the United States is that surplus sterling which Canada may acquire may be converted into U.S. dollars by sale in New York although during the period when the United Kingdom is financing its deficit with Canada from the Canadian credit, Canada is unlikely to have any substantial amount of sterling available for conversion into U.S. dollars in this manner. The fact of sterling being transferable from Canada to the United States means, however, sterling becomes the equivalent of U.S. dollars and it therefore becomes necessary to exercise control over sterling transactions by Canadian residents in the same manner as the control

is exercised over U.S. dollar transactions. Similarly, it is necessary to exercise control over transfers of Canadian dollars from Canada to the sterling area in the same manner as to other countries and to exercise supervision over payments for imports from the sterling area and to ensure that payment is received for exports to the sterling area.

2. The Regulations make provision for trade and other payments between Canada and the sterling area and the various European countries to which Canada has extended export credits may be made in Canadian dollars as an alternative to payments in foreign exchange. At present such payments may be made in Canadian dollars only between Canada and the sterling area.

This change arises from the fact that Canadian exports to the countries concerned are being paid for to a large extent out of the Canadian export credits which are, of course, in Canadian dollars. Up to the present the purchases in Canada have been made principally through Government channels and have been handled under a special exchange control procedure. Most of the purchasing countries wish to permit purchases against the credit to be made through private commercial channels and the Export Credits Insurance Act has been amended to enable the use of the credits for this purpose. The change in the Foreign Exchange Control Regulations is designed to facilitate this private trade. The countries involved are France, Netherlands, Belgium, Norway and Czechoslovakia.

The countries concerned are designated in the Regulations as "special arrangement countries" and arrangements have been or will be made with them to undertake that their nationals will not acquire or dispose of Canadian dollars in the unofficial exchange market in the United States.

SOUS-SECTION iv/SUB-SECTION iv

CRISE ALIMENTAIRE/FOOD CRISIS

812.

DEA/215

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 27

London, February 4, 1946

IMPORTANT. SECRET AND PERSONAL. Following personal from Mr. Attlee for Mr. Mackenzie King, Begins: We are very gravely concerned over the critical world shortage of wheat and rice. The allocations drawn up during Sir Ben Smith's recent visit to Washington were based on the estimate that during the first half of 1946 world import requirements would exceed by about five and a half million tons the total export available from the four main exporting countries. That was a grim prospect, but since then the situation has become even worse owing to decreased estimates of exports and increased demands especially from India.

2. To bridge the gap it will be necessary to cut demands to an extent which will cause real suffering in many countries, and famine in some. Our own allocation here will fall short of our requirements by at least 215,000 tons. The consequences of this will be very serious for us. We shall have to reduce our stocks far below the safety level, and run the risk of interference with internal distribution of flour and bread if there is any irregularity in the arrival of imports. We shall have to increase our extraction rate from 80% to 85% and return to the darker bread which we accepted as a wartime necessity but hoped we had discarded with the end of hostilities. We shall also have to reduce our fats ration from 8 ounces to 7 ounces a week, which is lower than at any time during the war. This last is a direct consequence of the wheat shortage; India fears a recurrence of famine worse than the Bengal famine of 1943 and is unable to rely on the imports of wheat and rice which she needs. Consequently she will have to use for food in India ground nuts which she would otherwise have exported to us for fats manufacture.

3. The decision to increase our flour extraction rate, coupled with the decision taken at Washington to divert coarse grains from animal to human use, will substantially reduce our supplies of meat, bacon and eggs. Our plans for re-establishing our livestock herds will suffer a heavy setback and a considerable slaughter of pigs and poultry will be inevitable. Finally, we shall launch a vigorous publicity campaign to economize to the utmost all food and particularly bread.

These further sacrifices will be a severe strain on our people, who have been looking forward to some relaxation of the standards of austerity which they have cheerfully accepted throughout the war.

4. Moreover, when we look further ahead the outlook is little better. Even after the next harvest, European production will be far below pre-war figures and the demand from Far Eastern countries will not be reduced, and exportable world stocks will have been exhausted by our efforts to meet the crisis in 1946. It follows, therefore, that everything possible must be done, not only to economize in consumption, but also to increase world production of cereals. We, here, shall take immediate steps to encourage increased sowings this spring of crops to be harvested this summer. But the world must look mainly to the big producing countries for substantial increases in supplies.

5. I am sending a personal telegram to Mr. Truman and Mr. Chifley urging them to take all possible measures to increase the output of wheat. I know that both have already set on foot a number of measures with this object. I am asking Mr. Truman to consider, in particular, whether he can increase the flour extraction rate in the United States, the wheat acreage for the next harvest and restrict rice consumption. I should be grateful if you would consider whether Canada, who has done so much throughout these difficult years, could help still further by taking similar steps to increase the quantity available to meet the world's needs.

6. An increase in the extraction rate in all exporting countries would provide a major increase in supplies. Our own rate, as I have said, will have to

be raised to 85% and all countries in Europe will have to adopt a figure of at least 80% and in many cases higher.

7. An increase in acreage would reduce the anxiety for next year. Carry-over stocks will be small and I can see no possible chance of farmers finding themselves left next year with an unsaleable surplus.

8. As to rice, the wheat and rice situations are, of course, inter-related. It is certain that there will be a grave rice shortage this summer. We have decided to continue our policy of not issuing rice for the civil population in this country and we are urging European countries to do the same. If you could make some contribution, it would be of great assistance.

9. The world will pass through a period of great strain and hardship before we see the next harvest. I fear that thousands may die of starvation and many more thousands may suffer severely from hunger. It is for these reasons that I make this earnest appeal for your continued help in mitigating the disasters which threaten the world. Ends.

813.

DEA/215

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

TELEGRAM 28

London, February 5, 1946

IMPORTANT. SECRET AND PERSONAL. Following personal from Mr. Attlee to Mr. Mackenzie King, Begins: I understand that, in connection with the planned programme of wheat shipments from Canada to Britain during the first half of this year, the Canadian Wheat Board have found it necessary to stipulate that any wheat not actually loaded by us by the end of a given month will be reallocated to other claimants.

2. I gather that, in practice, the Wheat Board has not so far imposed this condition in respect of cargoes for ships which actually arrive at a Canadian loading port before the end of the month. Even with this modified interpretation, however, the stipulation is causing us considerable difficulty and may seriously prejudice some of our wheat supplies during the next two or three critical months. As you know, we have substantially reduced our stock in this country and are working on very slender margins. Failure to receive even one or two cargoes would have disastrous results.

3. I should, therefore, be grateful for your personal interest in securing some modification of this condition about shipments for the purpose of giving us greater flexibility in the operation of tonnage. You will, I am sure, appreciate that in present conditions it is impossible to guarantee the arrival of ships by given dates after long ballast voyages, especially in winter months.

4. We are taking every possible step to see that sufficient ships are provided each month to load all the wheat that Canada can make available to us, and I hope you will be able to help us by agreeing that, so long as ships are definitely advised to the Wheat Board and are known to be en route to Canada for wheat, they should be assured of cargoes even though this may mean that some wheat technically allocated as part of one month's programme is not actually loaded and sailed from Canada until the early days of the following month.

5. We shall do all in our power to prevent vessels slipping back. Ends.

814.

PCO/D-10-1

*Mémorandum du secrétaire du Cabinet au Cabinet*  
*Memorandum from Secretary to the Cabinet to Cabinet*

Ottawa, February 12, 1946

RE: CANADIAN FOOD EXPORTS; CONTINUING ARRANGEMENTS  
 WITH THE UNITED KINGDOM

## DRAFT

## SUPPLIES OF FOOD FROM CANADA TO THE UNITED KINGDOM

JOINT ANNOUNCEMENT OF UNDERSTANDINGS REACHED IN DISCUSSIONS  
 BETWEEN REPRESENTATIVES OF THE UNITED KINGDOM AND OF  
 CANADA AT THE MINISTRY OF FOOD, LONDON, JANUARY 1946

During their visit to London Mr. J. G. Gardiner, the Canadian Minister of Agriculture, and Mr. J. A. MacKinnon, the Canadian Minister of Trade and Commerce, together with officials of their Departments had discussions with Sir Ben Smith, the United Kingdom Minister of Food and officials of the Ministry of Food regarding British requirements and Canadian supplies of the major foodstuffs. The discussions took account of the recent announcement of the U.K. government policy in regard to home agricultural production and of the long-term prospects regarding supplies of the different foodstuffs.

2. This exchange of views has resulted in understandings on the matters set out below.

## BACON AND HAM

3. The United Kingdom is prepared to purchase the maximum supplies which Canada can provide in 1946, 1947 and 1948. Canada has agreed to do its utmost to maintain these supplies at the highest possible level.

4. It was agreed that the present contract for the calendar year 1946 should be extended to cover the import of a minimum of 350 million lbs.

into the United Kingdom in 1947 and 400 million lbs. in 1948 at current contract prices in both years.

5. It was agreed to have further discussions before January 1947 to consider the possibility of assessing the prospective requirements of the United Kingdom for 1949 and of negotiating a contract for that year.

#### CHEESE

6. The present contract for the supply of 125 million lbs. of cheese to the U.K. each year expires on 31st March 1947. It was agreed:

(a) that the present contract for the season ending 31st March, 1947, should be extended to 31st March 1948 at the same prices. The contract should cover 125 million lbs.

(b) that for the season ending 31st March, 1949, the U.K. would take 100 million lbs. of cheese from Canada at prices to be fixed at a later date. (Elimination suggested)

(c) that the U.K. and Canadian representatives should review the arrangements before January 1947.

(Add "with a view to determining what could be arranged for 1948-49")

#### EVAPORATED MILK

7. It was agreed that a contract at current basic prices should be concluded to cover a minimum of 600,000 cases per annum for the two seasons ending 31st March 1947 and 1948.

#### ROLLER DRIED SKIM MILK POWDER

8. It was agreed that the U.K. should purchase 3,000 tons from the 1946 production of Roller Dried Skim Milk Powder.

#### EGGS

9. The United Kingdom desires to obtain increased quantities of Canadian shell eggs during the months from October to April inclusive. (Add "and more especially during the months from October to December inclusive"). Owing to difficulties in handling supplies in the United Kingdom during the summer months Canada was requested to cease shipments of shell eggs by 1st May each year diverting the summer surplus to the production of frozen melange and/or sugar dried eggs.

10. It was agreed that the current contract which expires on December 1st, 1946 should be extended to cover the supply to the United Kingdom of 1,750,000 cases of shell eggs and 5,000 tons of dried eggs in 1947 at the current basic prices for the shell eggs.

11. The United Kingdom has agreed to furnish to Canada by the autumn of 1946 (preferably by October) an indication of the requirements of eggs in shell and dried or frozen form during 1948.

## MEAT

12. In order to maintain the wartime carcass meat ration the United Kingdom will require all the beef and mutton which Canada can spare in 1946 and so far as can be foreseen at present, in 1947 and probably 1948. It was agreed to continue discussions of the extension of the current contract to cover supplies for 1947.

13. The United Kingdom will be ready to purchase all the hog-casings which Canada can provide up to 1948. Offals and tongues will also be required and these will be the subject of further discussions.

14. The United Kingdom requested an increase in the export in carcass form of meat suitable for sausage manufacture.

## APPLES

15. It was agreed to have further discussions before the end of May, when crop prospects in both countries would be better known, as to the quantities of apples which could be imported from Canada in 1946, in the fresh, dried and canned forms. In the import of fresh apples priority would have to be given to dessert over cooking apples and imports would be needed most in the months of October to April.

(Elimination of sentence "In the ..... to April" suggested).

## OTHER PRODUCTS

16. The United Kingdom representatives gave the following information:

(i) The United Kingdom would be prepared to contract in March for the purchase of tomato puree in 1946. This would enable the necessary advance arrangements for the planning of output in Canada to be put into effect.

(ii) The United Kingdom hoped to import substantial quantities of raspberry, strawberry and greengage fruit pulp from Canada during 1946.

(iii) The subject of honey was under consideration with a view to the resumption of imports from Canada.

(iv) The United Kingdom would probably require certain supplies of dried apple pomace in 1946. The position regarding liquid apple pectin was under review and a statement as to possible requirements would be made in May. In any event requirements would probably be below prewar levels.

(v) The United Kingdom representatives undertook to consider the possibility of importing Canadian poultry.

Ministry of Food January 1946

NOTE: The amendments shown in brackets are as suggested by the Minister of Agriculture.

A. D. P. HEENEY

815.

DEA/215

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

TELEGRAM 30

Ottawa, February 15, 1946

SECRET AND PERSONAL. Following personal from the Prime Minister for the Prime Minister, Begins: With reference to your telegram No. 28 of February 5th, I have had careful enquiries made first into the stipulation of the Canadian Wheat Board that wheat not loaded by the United Kingdom at the end of a given month would be re-allocated to other claimants and, secondly, into the practical effect of the stipulation.

I am informed that the stipulation was imposed because it was considered that in the face of the first priority we had given the wheat requirements of the United Kingdom over those of other countries, a seriously embarrassing position would be created for both the United Kingdom and Canada if the United Kingdom authorities did not move out their programme in a regular manner and if, in consequence, stocks of wheat were held in Canadian ports while many countries were pressing urgently for additional quantities of Canadian wheat. Failure of the United Kingdom to lift its requirements monthly would be taken as an indication that the United Kingdom need was not critical.

Moreover, in order to maximize Canadian wheat exports during the winter months, it was necessary for us to plan for the most effective use of transportation, port elevators and loading berths. This could not be done unless the United Kingdom programme was moved on schedule.

The Canadian Wheat Board had understood from its London representative that the United Kingdom wheat authorities fully appreciated the reasons for imposing the stipulation.

As to the practical effect of the stipulation I am informed that the Canadian Wheat Board has not cancelled any of the United Kingdom programme due to delay in arrival of your ocean tonnage.

In November, although sufficient tonnage did not arrive to lift the full United Kingdom programme, the Board did not cancel out the unshipped balance. In December once again sufficient tonnage did not arrive but the Board agreed that the unshipped December programme of nearly 70,000 tons would be carried into January. At the end of January, although the United Kingdom still had unshipped wheat at Atlantic and Pacific ports, the unshipped January programme was not cancelled.

You will, I know, appreciate that we have done what we could to meet British requirements and resolve existing difficulties even at times when it has not been possible for the British authorities to meet the shipping stipulation. I need not assure you of our intention to continue our co-operation wherever possible. I must, however, emphasize that in our common interest, Canadian

wheat supplies for the United Kingdom should move out as scheduled. It is extremely difficult for us to hold stocks of wheat at seaboard for the United Kingdom when supplies are so urgently needed in other countries. Ends.

816.

DEA/1286-40

*Le ministre de l'Agriculture au Premier ministre*

*Minister of Agriculture to Prime Minister*

PERSONAL

Ottawa, February 20, 1946

Dear Mr. King,

I would judge from discussions yesterday that it is considered advisable not to hurry consideration of food agreements with Britain. I agree that they are more or less closely associated with the financial arrangements.

I would judge also that when and if agreements are reached it is desirable that the price should cover all that is involved in supplying hogs to Britain. If more must be paid to get pork products moving toward Britain, the United Kingdom Government rather than ours should pay. But these conclusions presuppose free movement of food without controls which are necessary because other markets are closed.

The fact is that in 1940 we closed the American boundary against the export of pork products and by 1942 when we closed it against exports of beef cattle we had closed it against the export of nearly all food products. This left the Canadian farmer only one market for his surpluses—the British market.

In my opinion, the question which must be decided before long-time agreements or policies can be reached is: are we, and if so when, going to permit Canadian food to move into the United States without Canadian restriction?

If we are going to do that immediately then United Kingdom agreements and subsidies will at once be both unnecessary and useless, to accomplish what we introduced them for during the war.

If we are going to do that two or three years hence, then in the meantime the United Kingdom market is absolutely essential to the marketing of our surpluses. In this case it will be helpful to have agreements to take our surpluses at reasonable prices.

If we are not going to open the American market for an unlimited period, then we require all the British market we can secure for an unlimited period.

If we do open the American market there is a question as to how long the Americans will leave it open. There is no indication that they would leave it open for anything but cattle and some doubt, with the number of Mexican cattle going in, as to whether they would leave it open.

This all mounts up, in my opinion, to the conclusion that we had better hold on to the British market for at least two years hence and the surest way of doing that is on an agreement basis.

The agreements presented are for the prices in the current contracts and for comparable quantities to those marketed under agreements during the war at about the 1942 level.

There is no doubt that the farmer believes that he should receive the present price plus the subsidies or that better the subsidies should be added to the price. His reason for that is that the subsidy is looked upon as part of the return given to remunerate him for the loss of the American market. He maintains that so long as he is deprived of that market he should have the subsidy, and that even if the American prices go down should have it for a time sufficiently long to remunerate him for lesser returns than were available earlier.

If, as Mr. St. Laurent suggests, these subsidies were added to the British price and paid on Canadian consumption, that would remunerate the Canadian farmer to the same extent as any other policy.

The only reason for taking that position would be to avoid increasing the cost of living in Canada by retaining price and wage control.

I think that if we were to do that we would be introducing into our trading policy an element of protection in a form much more reprehensible than any customs duties.

The proposal made yesterday was that we settle the question now that in all these agreements subsidies must be incorporated in the price to Britain but that on foods consumed in Canada the premium or subsidy would continue to be paid from the treasury.

Applying this policy to bacon, it means that we would purchase all bacon under the new contract at \$25. a hundred. We would add another \$2.50 a hundred to that which goes to Britain to make them pay the premium and we would deliver the trade in Canada on a basis of \$25. a hundred. We are going to charge the British consumer \$2.50 more for our bacon plus all the costs of getting it to his market than we charge our own consumer.

In my opinion, if the British Government went to their people with a story of that kind their people would say, tell Canada to keep her bacon.

In my opinion, we should say our bacon is worth \$25. at St. John, whether consumed in Britain or in Canada, and then we should deal with the premium on its merits. I think this should be done at once on bacon whatever we do on other products.

My reason for this last statement is that pork prices are entirely out of hand in Ontario now. Dealers all over Ontario are paying higher prices for hogs than our British agreements or our ceiling prices permit of. If an attempt is made to stop them we at once raise an issue which I do not think this government can raise successfully at this time.

If the Ontario market is a better market than the British and we cannot get the hogs, and we are not getting them, we cannot deliver to Britain. If we cannot deliver to Britain and we cannot enforce the ceiling prices on pork, it is only a short time until we cannot enforce them on other commodities.

I think we must meet the question shortly, if not before the session then in it, as to whether we are going to keep the American market closed. If we are going to keep it closed then we must have a reasonable substitute. The only substitute is the British market.

On the long-time issue, I think we should retain the British market until there is much more reason for believing we will be permitted to hold a better place in the American market for food than we have had up to the present.

I am enclosing a statement† prepared by Dr. Barton on the bacon position.

I hope the argument that budgets must balance each twelve months rather than at the end of long epochs is not going to be the governing principle in finance as suggested by some other than the Finance Minister yesterday.

Yours sincerely,

JAMES G. GARDINER

817.

CH/Vol. 2099

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

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

TELEGRAM 915

Ottawa, May 3, 1946

SECRET. For your secret and confidential information only the following letter delivered to Sir Andrew Jones to-day, Begins:

We wish to refer at this time to the conversations that have taken place between Sir Ben Smith, the Honourable James A. MacKinnon and the Honourable James G. Gardiner on the subject of a long-term Wheat Contract between the United Kingdom and Canada. The latest proposal was made by Sir Ben Smith during a meeting at the Ministry of Food, London, England, on April 10th. This proposal was submitted to the Wheat Committee of the Cabinet here and we have been asked to say that it was not considered as a suitable basis for a contract, being too indefinite as to both price and quantity.

The Wheat Committee has instructed us to submit to you for the consideration of your Government a contract with the following basic provisions: Period—5 years, August 1, 1946 to July 31st, 1951. Price—(A) One dollar and fifty-five cents per bushel basis No. 1 Northern in store Fort William-Port Arthur or Vancouver, for the crop years 1946-47, 1947-48 and 1948-49. (B) Not less than one dollar per bushel on the same basis for 1949-50 and 1950-51, with the actual price to be determined a year in advance. Quantity—180 million bushels each crop year, including a stated percentage of flour, the latter figure to be negotiated.

We would be pleased if you would cable the above to your Government and advise us.

There would, of course, be many details to be negotiated apart from the basic provision and your Government may consider it necessary to send over experts to discuss these matters and the contract as a whole. Message ends. Ends.

818.

PCO/D-10-1

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

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

TELEGRAM 1142

Ottawa, June 7, 1946

TOP SECRET. Contracts with the United Kingdom Ministry of Food for cheese, bacon and eggs.

These contracts, the details of which are given below, received Cabinet approval on May 29th. Mr. Gardiner reported that by separate arrangement the United Kingdom Government had undertaken to bear the increased cost resulting from the additional subsidy.

(1) *Cheese*—The Canadian Government would undertake to supply 125 million pounds of cheese from current production during the period April 1, 1947 to March 31, 1948. The price delivered f.o.b. factory shipping point would be:

First grade—20 cents per pound  
Second grade—19½ cents per pound  
Third grade—19 cents per pound

(2) *Bacon*—The Canadian Government would undertake to supply not less than 350 million pounds of Canadian bacon and ham during the calendar year 1947. The price of Wiltshires Grade A, 45/80 pounds, would be \$25 per 100 pounds, f.o.b. Canadian seaboard.

(3) *Eggs*—The Canadian Government would undertake to supply 1,750,000 cases of shell eggs and 7,500 long tons of sugar dried whole eggs for delivery in the calendar year 1947.

819.

DEA/8925-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

SECRET AND IMMEDIATE

[Ottawa,] June 17, 1946

I think the Government is drifting into a very difficult position in the discussions for the negotiation of a bulk wheat contract with the United

Kingdom, which are now taking place in Ottawa. The initiative in these negotiations has been taken by our Government, which originally desired to conclude an agreement with the United Kingdom under which the latter would take 180,000,000 bushels of wheat each year for the next five years, at fixed prices negotiated in advance. I enclose a note showing the present status of the negotiations.

I feel very strongly that the conclusion of such a contract is not in the long-run interests either of Canada or the United Kingdom, and would be in direct conflict with the general policy of freer international trade to which the Government is committed. The officials who have been entrusted with the negotiations on our side share most of my misgivings, but feel they are under direct instructions from the Cabinet to press forward the negotiations. I cannot think that the Cabinet, in authorizing the negotiations, had the full implications of this decision put before it. It has been said that a long-term bulk purchase contract with the United Kingdom is the only alternative to a drastic increase in the price of wheat, which in itself would have a very serious effect on the maintenance of our present prices and wages policy. The situation is admittedly an extremely difficult one, but I think every effort should be made to find some third course which would not have the really disastrous consequences I foresee from either of these alternatives.

I shall try to do a proper note on the subject for tomorrow. In the meantime, I thought I had better put in this immediate word, as Strachey of the United Kingdom Ministry of Food is arriving in Ottawa tomorrow and, according to his broadcast from London last night, expects to return here next week, after the Combined Food Board meeting in Washington, to sign a concluded contract.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

[Ottawa,] June 17, 1946

SECRET

UNITED KINGDOM-CANADA WHEAT TALKS

The status of negotiations is as follows:

1. DURATION OF CONTRACT. Canada wants five years; United Kingdom four.

2. QUANTITY. Canada wants 140,000,000 bushels per year for five years; United Kingdom wants two years at 150,000,000 and two years at 120,000,000 per year. Canada has emphasized that a uniform quantity is essential and that we would prefer 120,000,000 bushels for five years rather than a varying quantity. In effect, the United Kingdom has a choice of a uniform quantity within the range of 120,000,000 to 145,000,000 bushels per year.

3. PRICE. Canada wants three years at \$1.55 per bushel and two years at \$1.00 per bushel minimum, with the actual price to be negotiated a year in advance. The United Kingdom agrees to \$1.55 for the first two years but has offered \$1.25 minimum for the third year, with the actual price to be negotiated in advance, and \$1.00 minimum for the fourth year, with the actual price to be negotiated in advance.

4. OTHER CONDITIONS.

(a) Canada has agreed to allow the United Kingdom the right to resell. We feel that the quantities discussed would not enable the United Kingdom to resell other than small quantities.

(b) The United Kingdom has asked for a fall clause under which the contract price would be lowered proportionate to any sales made by Canada to other countries at less than the Canadian-United Kingdom contract price. We are unwilling to accept such a clause but have agreed that, if we sell wheat *under contract* at a price lower than the Canadian-United Kingdom contract price, the United Kingdom will get the benefit. As to *spot sales*, however, the Canadian position is that such sales may be made at any price without affecting the United Kingdom-Canada contract.

820.

DEA/8925-40

*Le sous-ministre du Commerce au ministre du Commerce*

*Deputy Minister of Trade and Commerce to Minister of Trade and Commerce*

[Ottawa,] June 19, 1946

RE: PROPOSED WHEAT CONTRACT WITH THE U.K.

As I am leaving to-day, I will not have an opportunity of discussing with you further the policy implications of the proposed wheat contract with the United Kingdom. Therefore, I am setting forth these notes, albeit incomplete, of some of the policy considerations that I see in the proposed contract. I do not want to thresh old straw and repeat all the arguments that have been advanced in memoranda that have been produced over the last few weeks, particularly the Wheat Board's memorandum entitled "Observations on Proposed United Kingdom Wheat Contract", dated April 26,† and another memorandum entitled "Complications and Problems of the United Kingdom Contract", dated June 18,† which Dr. Wilson will put before you on your return. My comments, therefore, are not intended as a complete review of the proposal, but I believe they cover some of the more important considerations insofar as the development of Canada's international trade is concerned.

1. I seriously question that a series of bilateral contracts such as proposed will ensure to the Canadian producer, particularly in the latter years of the contracts, a return for his wheat substantially higher than the price at which wheat is then being offered by other suppliers. To put it another way, the greater the disparity between the contract prices and world prices, that is on

the face of it the greater the benefits to Canada, the less chance there is of contracts being carried through without important modification.

2. Embarking on a series of long-term contracts, knowing that we cannot contract for our total exportable surplus because of variations in the size of the annual crop, means that the Canadian Government is adopting a two-price basis in marketing its wheat. Under to-day's conditions of short supply we will undoubtedly have to discriminate in favour of certain countries and against others in deciding to whom contracts will be given.

3. Presumably, fulfilment of contracts would have to take priority over what might be called spot sales of wheat at current market prices, so that a good cash customer who had purchased Canadian wheat over many years, or a new market that we were cultivating, would be forced into making a long-term contract if it wanted to assure supply. Unless the buying country did so the hazard would be that its supplies would be cut off in a year of short supply, when its need was greatest.

4. Contract marketing of wheat obviously has an immediate and direct effect on the marketing of flour (in fact, the problems are so serious that they suggest the ultimate nationalization of the milling industry either in fact or by close government regulation). But more important is the fact that it affects the whole of our commercial policy and relationships with other countries. It is, I believe, a serious blow to the proposals for the elimination of discrimination and the expansion of world trade in which Canada has professed its faith and dependence.

5. By abandoning the open market Canada is committed to governmental price determination. There is reason to believe that other wheat producers will follow Canada's example, and that price determination by government negotiation will become the rule, not the exception. By abandoning the "open market", or even a market controlled between a floor and a ceiling, the government will be exposed to a full measure of political pulls and pressures in making its decisions.

6. I recognize that a chaotic condition would result from an immediate lifting of the present controls and that unless something is done to give the wheat farmer "stability" there will be an undeniable demand to "cash in" now on the present world shortage, with a consequent abandoning of the present stabilization policy. However, it is quite possible that the United States, in the interest of furthering its proposals for the expansion of world trade, would be willing to reduce its export price of wheat to a point that would make an international wheat agreement possible.

Without attempting to discuss the full merits of a wheat agreement, it does seem to me that there are four main objectives which could thereby be achieved. Furthermore, there probably never was a time more suitable for the conclusion of such an agreement than the present condition of world short supply. These four objectives can be stated as follows:

(a) A real measure of stability to the Western farmer, by giving importing countries, collectively, an opportunity now to share in world supplies at con-

trolled prices for a period of years, followed by the importing countries underwriting a floor price in the latter years of the agreement;

(b) Complete avoidance of discrimination inherent in adopting a two-price structure, and in having now to select a small group of countries to whom we are prepared to sell our wheat;

(c) Provision of anonymous price determination in the open market within an agreed range, and thereby the avoidance of political price determination;

(d) The bringing of other exporters into line on prices and thereby avoiding the problems inherent in any major discrepancy between our price and theirs.

I feel sure that such a course should be earnestly explored before a decision is taken to sign the proposed contract.

I have not attempted in this memorandum to cover the important domestic considerations which I believe should be taken into account in making the decision to enter into the proposed agreement, because the formulation of views in these matters is primarily the concern of other Departments. It should be observed, however, that the proposals have most important consequences on problems of domestic price policy as well as on the foreign lending programme, both of which are closely related to the present plans for trade development.

M. W. MACKENZIE

821.

PCO/D-10-1

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

TELEGRAM WA-2518

Washington, June 19, 1946

IMMEDIATE. TOP SECRET. FOR IMMEDIATE ACTION. For Robertson from Pearson, Begins: After our telephone conversation this afternoon I informed the State Department that the Canadian Government was considering with the United Kingdom Government a wheat contract along lines which you indicated to me and that there was every likelihood of an early conclusion of this negotiation. The Acting Secretary of State, Mr. Acheson, the Assistant Secretary, Mr. Clayton, and Mr. Hickerson all expressed alarm and disappointment at this information. They had had no knowledge of the matter as apparently Mr. Wilcox had not yet delivered to them Sir John Magowan's note on the subject and which I referred to in WA-2501 of June 18th.† In any event, this note was more general in terms than the information I gave them. Clayton urged in strong terms that we hold up our signature until they have had an opportunity to talk the matter over with us. He felt that an announcement of an agreement of this kind at this time would seriously prejudice the British

loan which now is about to reach the House of Representatives for final determination. I pointed out that this is a matter of more concern to the United Kingdom than to us and that no doubt they would take this aspect of the question up with Mr. Strachey. Mr. Clayton referred to the recent closing of the Liverpool Cotton Exchange which had antagonised the cotton bloc in Congress. If the wheat bloc were also to be antagonised, the effect on the loan would be deplorable.

Insofar as international trade proposals are concerned, the State Department officials thought that our proposed Agreement with the United Kingdom would cut right across the middle of the whole multilateral idea. I pointed out that they had largely themselves to blame for this because of the uncertainties and delays of their own policy. There was general appreciation of this, but it was nevertheless felt that a wheat contract of this kind would knock the props from under anything we all might hope eventually to accomplish. They were also worried about the effect of an arrangement of this kind on their own plans for food relief and feared that, notwithstanding escape clauses, it would be felt here that the United Kingdom were going ahead to safeguard their own position at any cost and that Canada was lending itself to this policy. They felt that an arrangement of this kind would make difficult and possibly impossible, United States plans for directing wheat in the future to high deficiency areas. I think their fears in this regard are exaggerated, but they are certainly not to be dismissed as completely groundless. I pointed out that price and other policies in this country were largely responsible for efforts being made by other countries to protect their own economic positions in the present difficult circumstances and that, if the United States had given a stronger and speedier lead in international economic policies, such contracts as the one under discussion might not have been necessary. The Americans, while recognizing the force of this, still remain highly disturbed at our proposed contract and feel that they should at least be given a chance to see if something could not be worked out which would make it unnecessary for us or the United Kingdom to proceed along these lines.

I am passing on this information to the United Kingdom authorities here.  
Ends.

822.

DEA/8925-40

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

TOP SECRET

Ottawa, June 19, 1946

## LONG-TERM WHEAT CONTRACT WITH THE UNITED KINGDOM

At the meeting of the Cabinet on June 19th, the conclusion reached by the Cabinet, when the Prime Minister read a message which had been received

from the Canadian Ambassador in Washington (WA-2159 of June 19)<sup>1</sup> was as follows:

It was agreed that, in the circumstances, action upon the proposed U.K. contract be suspended temporarily, pending discussion in Washington between the U.K. Minister of Food and U.S. authorities of the considerations raised in Mr. Pearson's message; the government would be prepared to give consideration to any alternative proposals which might be worked out in such U.S.-U.K. discussions; if, on the other hand, no other course satisfactory to Canada were to be suggested, it was recognized that, before Mr. Strachey returned to Britain, Canada might have to conclude a contract with the United Kingdom along the lines proposed.

It was also agreed that Mr. Pearson should be instructed to get in touch with Mr. Strachey at once and inform him of the government's attitude and that the whole question would be considered again at a meeting early next week.

(The Secretary of the Cabinet has sent a teletype† to this effect to the Canadian Ambassador in Washington).

N. A. R[OBERTSON]

823.

W.L.M.K./Vol. 409

*Le commissaire en chef, la Commission canadienne du blé,  
au ministre du Commerce*

*Chief Commissioner, Canadian Wheat Board,  
to Minister of Trade and Commerce*

Ottawa, June 22, 1946

Dear Mr. MacKinnon,

I feel that in consequence of the turn of developments during the past week in regard to the proposed United Kingdom contract, you should have the Board's résumé† and their views on this subject.

On April 3rd, 1946, you wrote to Mr. Huntting asking for the views of the Board in regard to the proposed wheat contract with the United Kingdom.† After consideration and study on the part of the Board, we prepared a document† containing observations which the Board felt the Government should take into consideration in arriving at a decision in regard to the contract. In that document, copies of which were forwarded on April 28th, 1946, to the Wheat Committee of the Cabinet, and the inter-departmental committee established to consider the contract, we tried to weigh the pros and cons of the proposed contract. We felt that such a contract would provide a measure of price and market stability for the wheat farmers during the un-

<sup>1</sup> Ceci est une erreur. Le télégramme en question est WA-2518 du 19 juin, le document précédent.

<sup>1</sup> This is an error. The telegram in question is WA-2518 of June 19, the preceding document.

certain years which would be covered by such a contract. At the same time, we made it clear that there were important difficulties involved in a long-term wheat contract with the United Kingdom. We pointed out that the implementing of such a contract required the continuation of a monopoly Wheat Board in Canada and that very grave doubts existed as to the legal and constitutional basis of such a Board in peacetime.

We pointed out that the proposed contract was not in line with the general desire to promote broad international trade as between Canada and other countries and that there would be international repercussions. We indicated that wheat producers in the Prairie Provinces were interested not only in the price they received for their wheat but in the goods and services which their wheat income would make available to them. We also indicated that such a contract would lead the Dominion Government in the direction of further nationalization of grain handling facilities and services.

In spite of the many disadvantages of the proposed contract, the Board, if called upon to do so, was prepared to approach the matter in a realistic manner and felt that it was not impossible to arrive at a contract which would be advantageous to wheat producers for the next four or five years. The Board felt that if such a contract could be obtained the immediate and basic difficulties would have to be worked out in the general interest of the wheat producers of the Prairie Provinces.

On May 2nd, 1946, the Board was advised by the Wheat Committee of the Cabinet that it was the intention of the Government to open negotiations with the United Kingdom, looking towards a long-term wheat contract. I was instructed to convey a proposal to the United Kingdom Government on behalf of Canada in a letter to Sir Andrew Jones.<sup>1</sup> This letter was forwarded on May 3rd, 1946, after consultation with Mr. Mackenzie, Dr. Barton and Mr. Shaw. The United Kingdom replied on May 16th, 1946 with a counter-proposal and suggested that experts of the two countries meet together for further discussion. On May 20th, 1946, I advised Sir Andrew Jones that it was the desire of the Canadian Government that the United Kingdom send representatives to Canada to open negotiations on the basis of the Canadian proposal of May 3rd, 1946 and the British counter-proposal of May 16th, 1946.

On Friday, June 14th, Canadian representatives met with the United Kingdom representatives in Ottawa and commenced the task of negotiating a contract. The Canadian representatives consisted of members of the Board and officials of the Department of Trade and Commerce, the Department of Agriculture and the Department of Finance.

In the negotiations with the British representatives, we, and I believe Departmental representatives, were firm in respect to three important ele-

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<sup>1</sup> Voir le document 817.

<sup>1</sup> See Document 817.

ments in the proposed contract. We proposed that the contract should include the following basic considerations:

(1) That the quantities of wheat involved in the contract should be the same in each year covered by the contract;

(2) That the quantities involved in each year should be moderate and not such as to prevent our continuing (a) to sell Canadian wheat in other traditional markets, and (b) to maintain our flour exports;

(3) That the \$1.55 price should be effective for the first, second and *third* years of the contract.

In regard to (1) the Board felt that it would not be wise to commit larger quantities of wheat to the United Kingdom in 1946-47 and 1947-48 than in succeeding contract years. We felt that it would not be wise for Canada to withdraw from other traditional markets for the next two crop years and then have to re-establish a position once again in these outside markets. We thought that this point was important, especially in view of the general outlook for 1946 wheat production and our present extremely low stock position.

In regard to (2) we felt that the annual quantity of wheat involved in the United Kingdom contract should be in terms of a quantity which would permit us to continue to supply other traditional markets and to maintain our position in these markets for the duration of the United Kingdom contract. We also felt that if the United Kingdom contract were signed, Canada should be in a position to negotiate similar contracts with other countries.

In regard to (3) the Board was of the opinion that advantages under the contract would probably pass from the United Kingdom to Canada in the third year. We know that wheat producers have received much less than the world price for wheat during the present crop year. We believe that the \$1.55 price will be less than the world price in 1946-47 and probably for part or even all of 1947-48. We felt that adequate stability and some recompense for income given up by producers in 1945-46 and in the first two years of the proposed contract demanded the continuation of the \$1.55 price in the third year of the contract.

These three points were being pressed by the Canadian representatives in the negotiations with the British delegation, and to protect these elements in the contract we offered to reduce the period of the contract from five years to four years.

On Wednesday, June 19th, however, the proposed contract became a matter of Cabinet discussion. I was asked to attend Cabinet discussions on Wednesday morning and in the course of these discussions advanced the points which were being stressed by the Canadian negotiators. On Wednesday afternoon the Hon. J. G. Gardiner, Minister of Agriculture, asked for a meeting with Mr. Shaw and myself and advised us that the Canadian representatives were instructed to negotiate with the British

representatives on the basis of a four year contract as follows: For the first two years of the contract the quantity was to be 160 million bushels and the contract price was to be \$1.55 per bushel. For the third and fourth years of the contract the quantity was to be 140 million bushels in each year. The contract price for the third year was to be not less than \$1.25 per bushel with the actual price to be negotiated not later than December 31st, 1947, and the price for the fourth and final year of the contract was to be not less than \$1.00 per bushel with the actual price to be negotiated not later than December 31st, 1948.

These were the terms that we were asked to place before the British representatives. The Canadian representatives had no alternative but to abandon negotiations on the basis of the discussions of the preceding four days.

As far as the Board is concerned, we feel that these instructions do not constitute an adequate basis for a contract with the United Kingdom. As a Board, we do not agree that the quantities should be variable; we think the quantity of wheat included for the crop years 1946-47 and 1947-48 is too high, especially in view of our lack of reserves at the present time, and we feel that the price basis for the third year of the contract is not satisfactory from the producers' standpoint in view of the sacrifices in income which producers will have made by the time the third year of the contract is reached.

My colleagues and I, having been asked to take part in the negotiation of the proposed contract, feel that it is our duty to place our views before you at this time.

Yours very truly,

GEORGE McIVOR

824.

W.L.M.K./Vol. 276

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

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

SECRET

Washington, June 27, 1946

Dear Mr. Robertson,

I am attaching herewith a memorandum of our discussion at luncheon today with Mr. Clayton and Mr. Hickerson on the proposed Canadian-U.K. wheat contract.

Yours sincerely,

L. B. PEARSON

## [PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de l'ambassadeur aux États-Unis**Memorandum by Ambassador in United States*

[Washington,] June 27, 1946

Mr. Clayton and Mr. Hickerson lunched at the Embassy today with Mr. MacIvor and Mr. Stone and myself.

In the course of the luncheon Mr. MacIvor gave Mr. Clayton a brief review of Canadian Wheat Policy during the past 15 years and the role therein of the Canadian Wheat Board. We then discussed the proposed Canada-U.K. wheat contract.

Mr. Clayton put forward his views on this contract in no uncertain terms and with strong feeling. Our discussion of the contract was long and I can only indicate below, briefly, the views which Mr. Clayton put forward at greater length.

I have already reported the views of the State Department in respect of the possible adverse effect of an announcement of the signing of the contract on the British loan. Mr. Clayton went further today. He said that he would regard the conclusion of this contract as a violation of the spirit, at least, of the U.K. loan agreement. He added that there were some people in the State Department who would regard it as a violation of the letter of the loan agreement and while he was not yet prepared to go so far himself, further study of the matter was being made. In any case, he said he felt that the loan agreement, in spirit, was designed to make unnecessary exactly this sort of unilateral arrangement. He felt this so deeply that if the contract were to be signed he could not, in all conscience, in his discussion with members of Congress use any more the argument that the passage of the loan would dissolve the Sterling Bloc, open British markets to all comers, and make hard currency available to the United Kingdom. This was, moreover, one of the strongest and most effective arguments that they had put forward. While he did not wish to over-emphasize the adverse effect of this contract on the loan (as he said before, he would regard it as just another serious obstacle to the passage of the loan about which he is not over-optimistic at the moment), he repeated his views as to the contract's violation of the spirit of the loan agreement, views which would naturally hold even if the contract were signed *after* the passage of the loan by Congress.

Mr. Clayton's next and perhaps most emotional argument against the contract was that it would be contrary to the whole multilateral trade idea envisaged and supported by all of us, including particularly the United Kingdom, in the proposals for an international trade organization. I observed that plans in this connection were not going ahead very fast and that, in the meantime, the United Kingdom had a natural desire to assure its supplies of reasonably priced wheat and we had a natural desire to assure our sales of wheat at such a price in the three or four difficult years ahead.

Mr. Clayton then went into the possible international trade programme. He foresaw the nuclear countries completing their preliminary work in about three months from their first meeting, that is to say, April or May of 1947, and he thought that this preliminary work would, in effect, put the stamp of approval on the general idea of lower tariffs, multilateral trade and open world markets; an idea to which any Canadian-U.K. unilateral wheat contract would be definitely contrary. He foresaw the meeting of the full international trade organization as coming about late summer or early fall of 1947, and he allowed some months for the ratification of the various agreements arising out of this conference. In view of past experience, I am inclined to accept any United States estimate of timing in these matters with a grain of salt and I implied as much to Mr. Clayton. He stood his ground however.

I asked Mr. Clayton what his feeling would be if the wheat contract, in its terms, took into account (as in fact I believe it did, although I was not sure of the text) the possibility of the organization of wider international trading arrangements during its life. He was not impressed with the idea and did not see how any contract of this kind could be "fitted in" nor how it could carry any cancellation clause which would become operative on a date which would be as difficult to determine as this date would be.

Mr. Clayton also holds strong views as a trader and as an economist on the proposed wheat contract. As a trader he could see nothing in it but a large scale and long-term guess on the markets by two governments. As an economist, he regarded it as a weak instrument for stabilizing prices and he thought that what it hopes to achieve in this respect could be much more adequately and easily achieved by other methods. He was a little indefinite as to what these other methods might be in Canada and almost equally indefinite as to what they could be in his own country in respect of which he could only say that the United States is trying to maintain control. He referred, several times, to the effect on the contract of a wide-range inflation and the world price of wheat going up to, say, four or five dollars. We pointed out to him that the United States price of wheat was already fifty cents above the Canadian price and that the Argentinian wheat was being bought at \$3.15 now and that our farmers seem to be prepared to accept a lower present return which is accompanied by a guarantee of a future minimum. He argued that this present attitude of the farmers would not stand up against really high world prices and that, while the Western farmer might not worry much about a wide discrepancy between his price and an Argentine price, he doubted that he would stand for a very much higher differential than already exists between the Canadian and the United States prices.

Mr. Clayton had no alternatives to offer. He made it quite clear, for instance, that he considered any world wheat agreement as impracticable and unenforceable. He said that the State Department has always held this view but that they were pushed into the advocacy of a world wheat agree-

ment some time ago by Agriculture. When we told him that Agriculture now had apparently abandoned this advocacy, he seemed relieved.

Mr. Clayton emphasized two or three times that he was not considering the proposed Canadian-U.K. contract from any selfish point of view but that he was looking at it in the light particularly of the general world picture and its effect on the possibility of our achieving in international trade those objectives of an expanding and free economy towards which we are all working so hard.

825.

PCO/C-20-2

*Extrait d'un memorandum du secrétaire adjoint du Cabinet  
au sous-secrétaire d'État par intérim aux Affaires extérieures<sup>1</sup>*

*Extract from Memorandum from Assistant Secretary to the Cabinet  
to Acting Under-Secretary of State for External Affairs<sup>1</sup>*

[Ottawa,] July 18, 1946

Of the items dealt with at meetings of the Cabinet held on July 16th and July 17th, the following are those of particular concern to External Affairs:

. . .

4. Long-term wheat contract with the United Kingdom

It was reported that it had been ascertained that the United Kingdom had as yet made no reply to the representations addressed to them by the U.S. government.

The Prime Minister submitted and read draft preamble and a redraft of Clause (7) of the Heads of Agreement of the proposed contract designed to meet U.S. objections to the effect of the contract upon future multilateral trade discussions.

Mr. MacKinnon referred to the desirability of early decision upon the price to be paid for Ontario wheat.

After considerable discussion, the Cabinet agreed:

(a) that the agreement with the U.K. government be not concluded until word had been received of the reply made by the United Kingdom to the U.S. representations:

(b) that, before any agreement were signed, it should be amended to include a preamble and an amended Clause (7) along the lines suggested by the Prime Minister; and,

(c) that in respect of Ontario wheat, payment of \$1.40 a bushel be authorized, to be made up, subject to the approval of the Wartime Prices and Trade Board, of an increased ceiling price of \$1.35 and a participation payment of 5¢.

J. R. BALDWIN

<sup>1</sup>H. H. Wrong

826.

PCO/D-10-1

*Le secrétaire adjoint du Cabinet au ministre de la Justice**Assistant Secretary to the Cabinet to Minister of Justice*

Ottawa, July 18, 1946

Dear Mr. St. Laurent,

I understand that Mr. Wrong has sent to you a report<sup>†</sup> on his conversation with the U.K. High Commissioner this morning regarding the U.K. reply to the U.S. representations.

In addition, the Minister of Trade and Commerce and the Minister of Agriculture at the end of Council discussed briefly the situation respecting flour exports under the proposed contract. The U.K. has suggested that the flour to be supplied should be 500,000 tons the first year plus an extra 140,000 tons if available, 400,000 tons the second year plus an extra 140,000 if available, with amounts for the third and fourth years to be negotiated subsequently, but in no case to be less than 300,000 tons for the third year and 250,000 tons for the fourth year.

Trade and Commerce officials are very strongly opposed to this arrangement of a large initial quantity diminishing each year and claim that we should have a set figure of a minimum of 416,000 tons for each of the four years. Their arguments, I understand, are based on the fact that the overly large quantity at the beginning would force us to deprive our regular customers of flour exports and in later stages we might not be able to recover these markets; also, it appeared that the U.K. was trying to establish a situation whereby it would gradually reduce its imports of Canadian flour, replacing them from domestic or other sources to the long-term detriment of our trade.

Mr. Gardiner, as a compromise, suggested that the minimum in the fourth year might be increased to 300,000 tons, but Mr. MacKinnon did not appear satisfied with this suggestion.

Mr. Gardiner also reported that he had received a direct communication from the U.K. Minister of Food, Mr. Strachey, asking if Canada could increase its commitments for the present year's exports somewhat in order to allow the U.K. to postpone introduction of bread rationing. Mr. Gardiner apparently has given a discouraging reply in this connection. (I would point out that this was a direct request which did not come through the normal diplomatic channels of External Affairs.)

The foregoing is for your information in connection with the discussion of this matter which will take place at Cabinet tomorrow.

Yours sincerely,

J. R. BALDWIN

827.

PCO/D-10-1

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

*High Commissioner of Great Britain to Acting Under-Secretary of State  
for External Affairs*

Ottawa, July 22, 1946

Dear Mr. Wrong,

## PROPOSED WHEAT CONTRACT

I am obliged to you for your letter of the 19th July† informing me of the attitude of the Canadian Government on the question of the minimum quantities of flour to be accepted by the United Kingdom under the terms of the proposed contract.

I immediately communicated the contents of your letter to the United Kingdom Government and I now happy to inform you that, while they feel that a commitment to accept a minimum quantity of 300,000 tons of flour in 1949-50 may be embarrassing, they are prepared in the circumstances to agree to this quantity. They accordingly accept the revised proposals put forward in your letter, and agree to the insertion of the following figures in the contract:

A. 1946/47—500,000 tons as a minimum, with an additional quantity not exceeding 140,000 tons to be determined by negotiations in the light of the out-turn of the crop.

B. 1947/48—400,000 tons as a minimum, with an additional quantity not exceeding 140,000 tons to be determined by negotiations in the light of the out-turn of the crop.

C. 1948/49—300,000 tons as a minimum, the actual tonnage to be negotiated by the 1st July, 1947.

D. 1949/50—300,000 tons as a minimum, the actual tonnage to be negotiated by the 1st of July, 1948.

Yours sincerely,

A. CLUTTERBUCK

828.

PCO/C-20-2

*Extrait d'un mémorandum du secrétaire adjoint du Cabinet  
au sous-secrétaire d'État par intérim aux Affaires extérieures<sup>1</sup>*

*Extract from Memorandum from Assistant Secretary to the Cabinet  
to Acting Under-Secretary of State for External Affairs<sup>1</sup>*

[Ottawa,] July 24, 1946

The following items of particular interest to you were discussed at yesterday's meeting of the Cabinet:

<sup>1</sup> H. H. Wrong

1. *Long-term wheat contract with the U.K.*

The Acting Prime Minister submitted and explained final revisions in the proposed wheat contract with the United Kingdom.

The Assistant Secretary reported that revisions in the proposed announcement of the contract had been made as indicated by Cabinet the previous day and that it was probable that the time set for announcement in Ottawa would be Thursday morning, July 28th.

The Cabinet noted with approval the reports submitted and approved signature of the wheat contract with the United Kingdom<sup>1</sup> agreeing that an Order in Council be passed accordingly.

• • •

J. R. B[ALDWIN]

829.

CH/Vol. 2099

*Le chef, la mission alimentaire de Grande-Bretagne, au ministre du Commerce  
Head, Food Mission of Great Britain, to Minister of Trade and Commerce*

[Ottawa,] August 28, 1946

Dear Minister,

I have been asked by Mr. Strachey to communicate to you the following message:

"I would like to take this opportunity to thank you for your co-operation in the negotiation of the recent Wheat Agreement between our two centers. I am convinced that it will prove of lasting benefit to us both.

"I have been reviewing our total requirements for the 1946/47 crop year. For the United Kingdom itself, and for the other areas for which we are responsible (excluding the needs of the British Zone of Germany and India) I estimate that if Canada could provide us with 200,000,000 bushels between 1st August 1946 and 31st July 1947, we should just cover the needs of the United Kingdom and Colonies.

"The Contract itself requires Canada to supply the United Kingdom during the current crop year with 160,000,000 bushels. During the negotiations we recognised that this was a minimum figure and we actually pressed for the inclusion of 200,000,000 bushels in the Contract. We appreciated your difficulty in agreeing to this. Nevertheless, both sides agreed that if Canada enjoyed a good harvest this year, more than 160,000,000 bushels would be supplied. Fortunately our hopes of a good harvest look like being fulfilled. Would it be possible for you, in the circumstances, to guarantee to supply us with an additional 40,000,000 bushels, making a total for this year of 200,000,000 bushels?

<sup>1</sup> Voir Canada, *Recueil des traités*, 1946, N° 30.

<sup>1</sup> See Canada, *Treaty Series*, 1946, No. 30.

"I appreciate that such an undertaking might limit your ability to increase your carry-forward during 1946/47, a plan which I realise you regard as desirable, so that should your 1947 crop prove disappointing you would have sufficient supplies in reserve to met the 1947/48 Contract requirement of 160,000,000 bushels.

"We all hope that your 1947 harvest will be at least as good as your 1946 harvest seems likely to be. But, to meet the possibility of its being disappointing, I would be prepared to agree to the extra 40,000,000 bushels to be supplied during 1946-47 (provided you are able to agree to it) being treated as an advance of your 1947/48 commitment of 160,000,000 bushels to the extent to which your 1947 harvest fell short of 320,000,000 bushels.

"Thus, if your crop were only 300,000,000 bushels, your 1946/47 commitment would be 140,000,000 bushels; if your crop were 280,000,000 bushels or less your commitment would be 120,000,000 bushels. I mentioned this suggestion tentatively to Mr. Gardiner last week and he thought it might be given sympathetic consideration. I explained to him our special difficulties during this current year and he feels that if Canada can assist us your people would be very ready to make a further special effort on the lines suggested.

"I shall be very glad to learn your reaction as soon as possible so that we can plan our 1946/47 program. The 200,000,000 bushels would enable us to de-ration bread in a few weeks' time and we are naturally most anxious to give this relief to our hard-pressed British people. It would be a wonderful thing if we could tell them that Canada had enabled us to do that."

Yours sincerely,

[SIR ANDREW JONES]

830.

DEA/8925-A-40

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum by Associate Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa,] October 1, 1946

FOOD CONTRACTS WITH THE UNITED KINGDOM—BEEF

At a meeting of the Cabinet on September 25th, approval was given to the proposed beef contract with the United Kingdom and it was agreed that an Order in Council should be passed accordingly; it being understood that no public announcement would be made in this connection pending decision on the continuance of meat rationing.

H. W[RONG]

831.

DEA/4171-40

*Le ministre du Commerce au chef, la mission alimentaire  
de Grande-Bretagne*

*Minister of Trade and Commerce to Head, Food Mission of Great Britain*

[Ottawa,] October 7, 1946

Dear Sir Andrew [Jones],

Your letter of August 28, 1946, containing a message from the Right Honourable Mr. Strachey has received my careful attention and has been considered by departmental officials and the Canadian Wheat Board. We have taken the necessary time to examine the proposals submitted by Mr. Strachey in the light of our whole wheat position and more especially from the standpoint of supplies of wheat which we will have available for export to the United Kingdom and other countries during the 1946-47 crop year.

I would like to express my personal appreciation of the frankness of the United Kingdom in making available to us all the pertinent facts in regard to the British wheat position at the present time. Having this information at our disposal, we can fully appreciate the seriousness of the United Kingdom position in respect to supplies of wheat for the present crop year and the many consequences of this position for the people of the United Kingdom. Knowing your position as we do, it is the desire of the Canadian Government to assist the United Kingdom in respect to wheat supplies to the greatest possible extent.

In examining the proposals contained in your letter of August 28, we have found ourselves subject to a distinct limitation in the volume of Canadian wheat which will be available for export in 1946-47. As you know, our wheat crop suffered considerable damage during the growing season through drought, sawfly and frost. More recently, frequent rains have unduly delayed the harvesting operations in central and northern Alberta and northwestern Saskatchewan, and have caused substantial damage to crops which matured in good fashion. While the Dominion Bureau of Statistics officially estimates the wheat crop of Western Canada at 420,000,000 bushels, we are not at all certain that the final outturn will reach this figure, and we now know that we will have a very considerable volume of low grade wheat which will not be suitable for milling purposes.

Along with this less optimistic opinion of 1946 wheat production in Canada, I must draw attention to the low level of reserve stocks of wheat in Canada at the beginning of the present crop year. In an effort to meet the urgent demands made upon us in the first half of 1946, wheat producers in the Prairie Provinces delivered a substantial amount of wheat which otherwise would have been retained on farms. It will be quite natural, therefore, for wheat producers to endeavour to build up their farm reserves to some

extent out of 1946 production. You are also aware that stocks of Canadian wheat in export positions were at a minimum level by the time our new crop came along. As a matter of fact, we have not yet succeeded in rebuilding our Eastern and Pacific Coast wheat stocks to proper working levels.

Taking all these factors into consideration, we are not prepared at the moment to estimate our exportable surplus for 1946-47 at more than 250,000,000 bushels, including flour. We expect that our mills will use 65,000,000 bushels of wheat in the production of export flour. This means that our surplus wheat for export as wheat amounts to 185,000,000 bushels. Our contract with the United Kingdom involves the shipment of about 142,000,000 bushels of wheat (not including flour), or 143,000,000 bushels of wheat including the carryover on non-contract wheat. You will see, therefore, that outside of the United Kingdom contract Canada has about 42,000,000 bushels of wheat available for all other markets. During September and October we have programmed through the International Emergency Food Council a total of 13,500,000 bushels of wheat to other countries, including nearly 4,000,000 bushels to India, South Africa and Eire. As at November 1st, 1946, we will have 28,500,000 bushels of wheat for disposal over and above the United Kingdom contract. You will appreciate, therefore, that for the balance of the crop year Canada has very little wheat with which to meet the obligations which will devolve upon her as a result of participation in the International Emergency Food Council. This is a serious position and one which should be carefully considered by both the United Kingdom and Canada in respect to international obligations which must be discharged during this critical period.

Beyond the limitations placed upon us as a result of our supply position, we are facing a critical position in respect of internal transportation. This position cannot be relieved before the opening of navigation in later April or early May, 1947. At the moment a shortage of transportation is preventing us from moving expected quantities of wheat from Georgian Bay ports to the St. Lawrence. We have not sufficient lake boats available for the movement of grain from Fort William and Port Arthur to Eastern lake ports. We have not sufficient rail transportation to move expected quantities of wheat from country points in Western Canada to Fort William and Port Arthur and to Pacific Coast ports. As a result of this situation, we have failed to meet our September export programme by some 9,000,000 bushels, and it will be impossible for us to provide sufficient wheat at seaboard to meet our October export programme, as well as the September carryover.

We regard this situation as being very serious from our standpoint and from the standpoint of the United Kingdom and other countries receiving Canadian wheat during the fall months. For the first time since the outbreak of war in 1939 Canada is in the position of not having adequate supplies of wheat in export position to meet export commitments. At the close of navigation we will do well to have one-half of a normal Eastern

stock position and this will mean that exports of wheat via Atlantic ports during the December-April period will be at a minimum level of perhaps 5,000,000 bushels per month. I am compelled to emphasize that from now until May, 1947, transportation is the limiting factor upon the volume of Canadian wheat available for export. Even if we had more wheat available from 1946 production, our export position would still remain within the limits of available transportation. From the standpoint of the United Kingdom, this means that until the opening of inland navigation next spring, you will receive all the Canadian wheat which our transportation facilities can make available to you, and the position until May, 1947, would not be affected one way or another by any enlargement in our commitment to the United Kingdom.

In regard to the specific proposals outlined in your letter of August 28, I feel that these proposals should be discussed at a later stage in the present crop year, assuming that we will provide the United Kingdom with as much wheat as transportation will permit during the next eight months. Later in the crop year we will have a much better idea of the volume of wheat which producers will market during the crop year. We will have a better idea of our whole export position. If it turns out that we can enlarge our export programme for the crop year 1946-47 and thereby substantially increase our wheat exports in May, June and July, we will be only too glad to examine our commitment to the United Kingdom in terms of these new factors. I must impress upon you, however, that any enlargement of the Canadian programme for the United Kingdom could only be effective in the final three months of the crop year, and perhaps in August of 1947.

I have tried to outline our position to you in an objective manner and no doubt the facts as outlined in this letter will be disappointing to those charged with the enormous task of providing bread supplies for the people of the United Kingdom and for areas for which the United Kingdom is responsible. I want to assure you, however, on behalf of my Department and on behalf of the Canadian Government, that the United Kingdom still enjoys a first priority on Canadian supplies of export wheat and it will be the policy of Canada to enlarge the United Kingdom programme for 1946-47 if and when our supply position makes such an enlargement possible of fulfillment. It is our hope that later in the crop year we shall see our wheat position in Canada in more optimistic terms and that it will be possible for us to meet in part at least the proposals set forth in your letter of August 28.

I would appreciate your communicating this letter to the Right Honourable Mr. Strachey.

Yours sincerely,

JAS. A. MACKINNON

832.

DEA/1286-40

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

*Deputy High Commissioner of Great Britain to Under-Secretary of State  
for External Affairs*

SECRET AND PERSONAL

Ottawa, October 8, 1946

Dear Mr. Pearson,

I think that you should know that the High Commissioner has received a telegram from London asking him to communicate a personal message from Mr. Strachey to Mr. Gardiner on the subject of bacon supplies.

In Mr. Gardiner's absence, I have communicated the message to Dr. Barton and I now enclose a copy herewith for your information.

I also enclose a table† containing an estimate of United Kingdom supplies, utilisation, and stocks of bacon during the period January, 1946 to June, 1947.

Yours sincerely,

J. J. S. GARNER

[PIÈCE JOINTE/ENCLOSURE]

*Le ministre des Aliments de Grande-Bretagne au ministre de l'Agriculture  
Minister of Food of Great Britain to Minister of Agriculture*

SECRET AND PERSONAL

October [n.d.] 1946

The Secretary of State for Dominion Affairs has telegraphed to the United Kingdom High Commissioner today about a report we have had from the British Food Mission at Ottawa that the Canadian Cabinet is likely, on Wednesday, to take a decision about the continuation of meat rationing in Canada. The High Commissioner will be able to give you full details of the effect which fall in shipments, likely to follow from such a decision, would have upon our total supplies of bacon, upon our stocks, and upon the United Kingdom bacon ration.

Before the war the consumption of bacon in the United Kingdom was about 6½ ounces (boneless) per head per week. Throughout the war we were able to maintain a 4 ounce ration, and, even for a very short period, to go up to 6 ounces. Moreover, there were supplies of American fat bacon available which we were able to distribute from time to time in addition to the ordinary ration. These additional supplies have long since been discontinued. On the 27th May, 1945, within a few days of the end of the war with Germany, we were driven mainly by a reduction in supplies from America to reduce the ration to 3 ounces per week and now we are faced, unless you can help us, with going down to 2 ounces, before the end of the year.

This comes on top of a long series of changes for the worse, since the end of the war, in the food supplies of the people of the United Kingdom. Early this year we were compelled to reduce the cooking fats ration to 1 ounce only per week. The soap ration, which of course is dependent upon the general supply of oils and fats, has had to be cut twice, the combined effect being to reduce it to less than 60 per cent of pre-war consumption. I have lately had to bring the cheese ration down to 2 ounces per week and the butter ration to 2 ounces per week. Our meagre meat ration of 1/4d per week has to be made up to the extent of one-eighth by the issue of canned corned beef, and the proportion of the latter will undoubtedly have to be increased in the new year. For the first time in the history of this country, we were a few weeks ago forced to ration bread. The animal feeding stuffs supply, owing to the world shortage of cereals, is so much diminished that our pig and poultry population is seriously threatened, and already our home supply of bacon has been diminished by 1,000 tons per week, and the cereals situation here will undoubtedly be worsened by our deplorable harvest weather.

At the present time our people are faced also with heavy seasonal declines in the supply of milk, the present ration of which for ordinary consumers has been reduced to two pints per week, and of fish.

I realise, of course, that the Canadian people are anxious to get rid of war-time controls as rapidly as possible and that the recent removal of meat rationing in the United States makes it difficult for your Government to continue it in Canada. Nevertheless, I do hope that you will find it possible in some way to arrange for shipments of bacon to be made to the United Kingdom for the rest of this year and during 1947 upon something like the scale referred to in the heads of the agreement come to by my predecessor with you earlier in the year. A reduction in the bacon ration on top of all these other restrictions would be yet another blow to the British housewife.

833.

DEA/8925-A-40

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

SECRET

[Ottawa,] October 8, 1946

FOOD CONTRACTS WITH THE UNITED KINGDOM; BEEF; MEAT RATIONING

At the meeting of the Cabinet on October 8th, it was agreed:

(a) that meat rationing be discontinued, sometime early in 1947, as soon as present undertakings to UNRRA and needy areas had been fulfilled; announcement to this effect to be made forthwith;

(b) that in connection with the supply of hogs for the domestic market, two or three weeks before the lifting of meat rationing the Meat Board to relax its hog requisitioning programme to permit not less than 50,000 hogs per week on the domestic market; hog slaughtering quotas to be dropped with the lifting of meat rationing; licencing of all slaughterers and the stamping of carcasses to be continued, however, as an essential part of price control but licenses to be issued freely on application; the price of hogs on the Toronto and Montreal markets to be accepted as the test of adequate supply of hogs on the domestic market. If the average price on these markets were to rise 50¢ above the equivalent of the domestic ceiling, it would be considered that requisitioning had reached the danger zone; if and when these average prices rose \$1.00 over the domestic ceiling equivalent, requisitioning to be relaxed promptly and progressively until prices dropped to the domestic ceiling equivalent;

(c) that the beef contract with the United Kingdom be announced forthwith and simultaneously with the announcement in connection with meat rationing.

834.

DEA/8925-A-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] October 9, 1946

FOOD CONTRACTS WITH UNITED KINGDOM (BEEF);  
MEAT RATIONING; ANNOUNCEMENTS

At the meeting of the Cabinet on October 9th, it was observed that announcement of the beef contract had already been made and the question was raised of the timing of a public statement of the government's intention with respect to meat rationing.

The Cabinet agreed:

(1) that the decisions taken at the meeting of October 8th regarding the programme for the lifting of meat rationing be confirmed; and,

(2) that announcement of the government's intentions in this respect be deferred to such occasion as the Minister of Finance deemed appropriate, it being understood, however, that Ministers would be free to indicate that the conclusion of the new U.K. beef contract would not affect the government's course of action.

835.

CH/Vol. 2099

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

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

TELEGRAM 2035

London, October 10, 1946

SECRET 1. Lord Addison and Mr. John Strachey asked me to see them this morning about the United Kingdom's desire for an assurance that they can count on a further 40 million bushels of wheat from Canada during the current crop year, over and above the 160 million bushels promised under the Wheat Purchase Agreement. I had not seen the text of the original United Kingdom request,<sup>1</sup> which took the form of a message from Mr. Strachey to Mr. MacKinnon transmitted through Earncliffe; nor of our reply<sup>2</sup> to this request, which had reached them by the same route.

2. As you will see from the text of the United Kingdom memorandum, which is contained in my immediately following telegram No. 2036,† they are very anxious to get an assurance now that an additional 40 million bushels will be available for their requirements before the end of the current crop year, and to this end are prepared, if price is a controlling consideration, to pay the world price for wheat for this supplementary quantity. Strachey hoped that even if we could not make an additional forward commitment with the United Kingdom now, we would at least refrain from entering into any commitments with other buyers, which would in fact preclude us from furnishing the United Kingdom with the additional 40 million bushels if our general supply position in the spring made such action seem feasible.

3. I had been briefed by Biddulph<sup>3</sup> on the Wheat Board's views about probable claims against this year's wheat supplies, and explained that I thought it would be very difficult for our Government to agree to an export allocation in excess of 160 million to the United Kingdom from the total of 250 million bushels likely available for export from Canada to all destinations during the current crop year. I promised, however, to transmit their representations and to explain that the Government here attaches great importance to them. They are anxious to remove the bread ration, but fear to do so unless their supply position for the balance of the crop year is assured. They dare not take it off and put it on again, nor do they wish to be completely dependent on week to week American allocations during the summer months of 1947. At the same time they are very concerned about the dis-

<sup>1</sup> Voir le document 829.

<sup>2</sup> Document 831.

<sup>3</sup> Le commissaire en Europe, la Commission canadienne du blé.

<sup>1</sup> See Document 829.

<sup>3</sup> European Commissioner, Canadian Wheat Board.

charge of responsibilities they have taken for the provisioning areas within their control—in particular the British Zone in Germany, Malaya and Ceylon. They are going to press Washington for an allocation for their Zone in Germany comparable with that tentatively made for the American Zone, but are not budgeting for its needs in their request for 200 million bushels from Canada.

836.

W.L.M.K./Vol. 274

*Mémorandum du secrétaire du Cabinet au Premier ministre*  
*Memorandum from Secretary to the Cabinet to Prime Minister*

CONFIDENTIAL

Ottawa, November 12, 1946

## RE: BUTTER RATIONING; IMPORTS OF BUTTER

You will remember that on October 30th, in deciding that the butter ration should not be further reduced, the Cabinet agreed that the Department of Agriculture should approach the U.K. government with a view to obtaining up to 15 million pounds of butter from New Zealand and Australia, after the turn of the year.

In reply to a routine "follow-up" of this decision which goes out automatically from this office, the Deputy Minister of Agriculture has reported as follows:

"The Chairman of the Dairy Products Board, Mr. J. F. Singleton of this Department, has approached the British Food Mission in Ottawa with a view to obtaining 15,000,000 lbs. of butter from New Zealand and Australia for disposition in Canada under the direction of the Wartime Prices and Trade Board.

After reference to the British Food Ministry the Ministry say that as they have purchased the entire exportable surplus of butter from Australia and New Zealand, less specific quantities agreed for other markets, the two Dominions are not free to sell butter to Canada and would have to refer to the Ministry for approval of any such action.

In the light of this, the Ministry wish us to inform you that your proposal would prove very embarrassing. The over-all United Kingdom fats position is far from satisfactory, and recently the butter ration had to be reduced to two ounces; although it is being increased to three ounces again next month, supplies for 1947 are not assured. Further, with the record droughts in Queensland and New South Wales, shipments of butter to the U.K. may be reduced by 15,000 tons.

In the above circumstances, therefore, the Ministry hope that you will not press your proposal further."

In sending forth this report Dr. Barton says that no further action is contemplated by his Department until there is an opportunity of consulting Mr. Gardiner who he says expects to return toward the end of this week.

Dr. Barton anticipates seeing him in Toronto prior to Mr. Gardiner's return to Ottawa.

A. D. P. H[EEENEY]

P.S. I have just heard that the Wartime Prices and Trade Board are very much concerned at the effect of this development upon the butter ration. With Mr. Iisley's authority, therefore, the item of butter rationing is being put on the agenda for this afternoon's meeting. As the Acting Minister of Agriculture (Mr. Bertrand) is out of town, I have asked the Department of Agriculture to let me have a note for you of the Departmental view of the question.

837.

PCO/C-20-2

*Le secrétaire du Cabinet au ministre de l'Agriculture*

*Secretary to the Cabinet to Minister of Agriculture*

CONFIDENTIAL

Ottawa, November 13, 1946

Dear Mr. Gardiner,

At yesterday's meeting of the Cabinet, the Minister of Finance, at the instance of the Wartime Prices and Trade Board, raised the question of the attitude to be taken as a result of the negative reply received from the U.K. Food Mission regarding imports of sufficient butter from Australasia to maintain the existing ration.

In your absence and that of the Acting Minister of Agriculture, I had requested the Chairman of the Dairy Products Board to prepare a memorandum† on the question for the Prime Minister. This was submitted to the Cabinet. It reported the reply received from the U.K. Food Ministry to the effect that they hoped that the proposals for imports to Canada would not be pressed further. It also set out the statistical supply position and calculated that it should be possible to maintain a 5 ounce ration without imports unless an unanticipated decline in production occurred.

After considerable discussion, the Cabinet confirmed the decision taken on October 30th and agreed that, with a view to the early conclusion of arrangements to obtain the necessary quantities of butter to maintain the present ration, the Dairy Products Board be instructed to urge upon the U.K. Ministry of Food the importance of supplementing Canadian domestic supply by imports from New Zealand and Australia.

After this decision was taken, the Prime Minister saw Mr. Singleton and instructed him personally that the Cabinet wished him to take the matter up vigorously and at once with the U.K. Food Mission.

I am sending copies of this letter to Dr. Barton and to Mr. Singleton for their guidance.

Yours sincerely,

A. D. P. HEENEY

838.

PCO/D-10-3

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

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

TELEGRAM 2229

London, November 19, 1946

CONFIDENTIAL. 1. I attended a meeting in Lord Addison's office this afternoon, at which Minister of Food and the High Commissioners for Australia and New Zealand were present. Addison said that the Canadian Government's request for 12 million pounds of butter had been considered by United Kingdom Cabinet that morning. United Kingdom Government, having in mind the support and assistance that they had received from Canada in so many matters of supply, were for their part prepared to agree to the diversion of this quantity of butter, provided that they could be assured by Australia and New Zealand that the diversion of butter from United Kingdom to Canada would not affect the future rate of deliveries from those countries to United Kingdom. They were mindful of the difficulties that had developed last spring when United Kingdom Government had agreed to the diversion of a certain quantity of New Zealand butter for the provision of the United States Pacific Fleet. There had been a good deal of mischievous political criticism of this transaction in New Zealand, and some consequential falling off in the rate of New Zealand deliveries of butter to United Kingdom. They thought that if our present requirements were properly put up to the Governments of Australia and New Zealand, this kind of criticism could be avoided and future United Kingdom supplies kept unimpaired.

2. I explained the operation of our butter rationing system and relationship between the controlled domestic consumption of butter and the maintenance of our cheese exports to United Kingdom, and said that I knew that our Government must be very concerned about the possible effects of a failure of the butter ration on the general price and supply structure in Canada before making this approach. That structure had been subjected to new and severe strains by the abandonment of all comparable American controls, and it would be very difficult to maintain it if a basic commodity like butter fell short of the ration.

3. It was agreed that it would be helpful if the United Kingdom approach to Australia and New Zealand for their concurrence in the proposed diversion were supported by direct representations by our representatives in Canberra and Wellington. I was asked to furnish a statement of the Canadian position which could be used as the basis of an identical approach from us and from United Kingdom. The Australian and New Zealand representatives thought it would be helpful if such a statement made clear the rationing control of butter and fats in Canada, the period for which these controls had been in force and their relationship to the provision of supplies for United

Kingdom. They thought that their Governments would agree to meet our request, but would find it necessary to handle the public announcement of the deal very carefully. Particularly they would wish to distinguish sharply between the position of Canada and the United States as claimants for butter, stressing our domestic rationing and cooperation in meeting the United Kingdom needs. With the New Zealand elections a week away, it was stressed that nothing whatever should be said in the meantime about the possibility of diverting any New Zealand butter from United Kingdom to Canada.

4. All the countries represented made heavy weather about the difficulty and delicacy of explaining this transaction to their respective publics, and felt that we should concert public announcements pretty carefully. Strachey intimated that it would be helpful in United Kingdom if we could say that the diversion of butter to Canada at this time would help us maintain, and if possible increase, cheese deliveries to United Kingdom. He also asked if there was any possibility whatever of our being able to give them some quantity of cooking fats as a partial offset to butter diversion.

5. Please telegraph memorandum of Canadian position requested in paragraph 3.

839.

PCO/D-10-3

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*High Commissioner of Great Britain to Prime Minister*

CONFIDENTIAL

Ottawa, November 21, 1946

My dear Prime Minister,

You will remember that in the course of your talk with me on the 14th November you mentioned the difficulty in which the Canadian Government were placed over butter, and the approach which had been made to the U.K. Government with a view to the purchase by Canada of some of the butter which under our contracts with Australia and New Zealand would form part of the U.K.'s supplies.

I immediately reported to London the anxiety which you had expressed to me, and have now received a telegram informing me that the matter has been urgently considered by the Cabinet, who found themselves in an acute dilemma; for, on the one hand, they are greatly concerned over the gravity of our own fats position in the U.K. and the maintenance of our supplies, and, on the other hand, they are equally concerned that everything possible should be done to assist Canada to tide over this temporary period of shortage. In this difficult situation the Cabinet decided that, little as the U.K. could afford any contraction in the supplies coming forward from Australia and New Zealand, the immediate needs of Canada should in this emergency

be given priority over our own needs, acute as they are. They therefore agreed to take the risks involved in the making over to Canada of the supplies needed by her, provided that the arrangements were such as to prevent future supplies to the U.K. from Australia and New Zealand from being prejudiced and on the understanding also that Canada would be ready to join the U.K. in seeking the concurrence of the Australian and New Zealand Governments in the diversion proposed.

The telegram further indicates that, following on the Cabinet's decision, Lord Addison and Mr. Strachey have seen the High Commissioners for Canada, Australia and New Zealand and have explained the position to them. As a result of this talk, in the course of which the High Commissioners for Australia and New Zealand emphasized that the matter would have to be very carefully handled in their countries if the impression was to be avoided that the U.K. is not in the same extreme need for butter as hitherto, the following procedure was arranged:

(1) The High Commissioner for Canada would telegraph to the Canadian Government informing them of the discussion and would ask for a full statement of the Canadian position.

(2) On receipt of this statement, Lord Addison, after consultation with the three High Commissioners, would telegraph to the Australian and New Zealand Governments explaining the position and seeking their concurrence in the arrangements proposed; and it was suggested that it would be helpful if the Canadian Government were to arrange for a simultaneous approach to Australia and New Zealand themselves.

(3) No publicity of any kind should be permitted until there had been full agreement between the four Governments, who would consult together in drafting any public statement.

I expect that you will already have received a report of this discussion from your High Commissioner in London, and very much hope that the arrangements proposed will be satisfactory to you, and will enable the difficulties here to be successfully surmounted.

Yours sincerely,

A. CLUTTERBUCK

840.

CH/Vol. 2101

*Le haut commissaire en Grande-Bretagne au sous-secrétaire aux Dominions*  
*High Commissioner in Great Britain to Dominions Under-Secretary*

CONFIDENTIAL

London, November 28, 1946

Dear Sir Eric [Machtig],

I am enclosing copies of a statement of the Canadian butter position as approved by the Cabinet. We have been asked to ascertain whether this

statement would be acceptable to the United Kingdom authorities as the basis for an identical approach by the United Kingdom and ourselves to Australia and New Zealand.

Yours sincerely,

N. A. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

*Déclaration du gouvernement du Canada*

*Statement by Government of Canada*

November 28, 1946

The rationing of butter in Canada commenced on December 15th, 1942, at a ration of eight ounces weekly. This rate was maintained during 1943 and 1944, but was reduced to seven ounces weekly during 1945. In January and February 1946 the rate was six ounces per week; from March 1st to May 15th, four ounces weekly; and from May 16th to June 6th, five and one-third ounces weekly. Since June 7th the ration has been six ounces weekly.

2. Evaporated milk is rationed in all areas where field milk is reasonably available, and coupons are supplied only for infants and on medical certificate. The area under ration has been extended, and the rationing procedure made considerably more restrictive within the past six weeks.

3. The rationing of both butter and evaporated milk has been necessary on account of sharply increased exports during recent years of cheese and evaporated milk to the United Kingdom and parts of the Empire, such as the Middle East, Newfoundland and British West Indies, etc., all in conformity with the IEFEC programme.

4. Shortening and cooking fats are not rationed to consumers, but have been under allocation control at manufacturer and distributor levels since January 1943 at 80 percent of 1941 usage. This level was reduced to 70 percent during the summer and autumn of 1946, and we have experienced acute difficulties in meeting these rates. Lard production in Canada has been materially reduced, partly on account of heavy shipments to the United Kingdom of Wiltshire sides. Lard production in 1946 is estimated at 52 percent of 1941, and not over 60 percent of 1935-39 average.

5. The following figures are a careful summary of current statistical trends (all figures in millions of pounds):

Stock in hand, January 1st 1947	40
Production, Jan., Feb., March	27
Total available supply	67
Total required to meet current rate of ration	72
Minimum working stocks, April 1st	10
Total requirement	82

This shows a deficiency of 15 million pounds. We think we can get by with imports of 12 million pounds by using extreme care. You should note that April is also a deficiency month in butter production, and it is not until we get into May that current production begins to equal and eventually surpass current consumption.

6. With the removal in the United States of all controls and rationing of dairy products, fats and oils, it will be most difficult if not impossible to continue controls in Canada if they are compelled to reduce ration level of butter below six ounces. From their experience last March and April, they believe that a cut below six ounces this winter would almost certainly bring about administrative collapse of the whole rationing programme. Removal of controls in Canada would almost certainly result in less cheese and evaporated milk being available to United Kingdom account during 1947.

7. Cooking fats in Canada are in very short supply, and it would be impossible to restrict distribution further to make any quantity available for export.

8. Taking butter into consideration, the Canadian per capita consumption of edible fats is the lowest in history, and with a six ounce butter ration, just on a par with that of the United Kingdom.

9. The Canadian authorities ask whether assurances can be given that a maximum 12 million pounds will be available as required, and whether an indication can be given as to the maximum time between the request to the United Kingdom Ministry of Food and actual delivery at a Canadian port. If availability of the 12 million pounds is certain, the Canadian Government can give assurance that the request will not be made earlier than necessary to have the butter in Canada when it is required to sustain the six ounce ration, and that the amount requested will be determined on a basis of the statistical position at the time. The actual production and disappearance from November 1st, 1946, and the stocks as at the close of the last preceding month, will then be known.

841.

PCO/C-20-2

*Le secrétaire du Cabinet au ministre de l'Agriculture*

*Secretary to the Cabinet to Minister of Agriculture*

CONFIDENTIAL

Ottawa, November 29, 1946

Dear Mr. Gardiner,

You will recall that Cabinet at its meetings of November 26th and November 27th dealt with the following items of interest to you.

(a) Butter rationing; imports of butter.

You reported that as a result of a further approach made to the United Kingdom Government, word had now been received that they were prepared

to divert to Canada sufficient quantities of butter from Australia and New Zealand, provided that deliveries from these sources to Britain were not prejudiced, and on the understanding that Canada would join in seeking concurrence of the Australian and New Zealand Governments in the proposed diversion. It had been decided that the Canadian Government should provide a full statement of the Canadian position for communication to Australia and New Zealand. It had also been agreed that no publicity of any kind should be permitted until there had been full agreement between the four governments who would consult together in drafting any public statement.

You then submitted a draft telegram to the Canadian High Commissioner in London setting out the detailed statement of the Canadian supply position requested by the United Kingdom Government.

The Cabinet, after discussion, noted with approval your report and approved the draft telegram submitted for despatch to the Canadian High Commissioner in London.

I have been informed that the telegram was sent on November 27th.

(b) Bacon contract with the United Kingdom; price adjustment

You reported on November 26th that it was being strongly represented that the recent increase in wages in packing plants made it necessary to authorize some increase in the returns on pork products. It had been suggested that the desired result might be achieved by payment of a subsidy on bacon for export to the United Kingdom.

Consideration was being given to an adjustment in the contract with the United Kingdom to bring it more into line with the United Kingdom contract with Denmark by providing higher immediate prices and possibly some downward adjustment in the guaranteed floor two years hence.

The Cabinet agreed that it did not appear desirable to pay a subsidy on bacon for export, and deferred consideration of the question of adjustment in contract prices with the United Kingdom.

At the meeting on November 27th you reported that the question of an adjustment in contract prices had been taken up informally with representatives of the British Food Mission but that no reply had yet been received. The Chairman of the Wartime Prices and Trade Board had stated that he had no objection to the action proposed.

The Minister of Finance suggested that no final commitments in this regard be entered into until full examination of the relationship between the proposed increase in prices and increased costs in packing plants had been made.

The Cabinet, after discussion, agreed that negotiations with the United Kingdom should not proceed beyond the present informal stages pending further detailed examination of the question by the Cabinet.

I am sending a copy of this letter to Dr. Barton.

Your sincerely,

A. D. P. HEENEY

842.

CH/Vol. 2101

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

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

TELEGRAM 2105

Ottawa, December 6, 1946

IMMEDIATE. CONFIDENTIAL. Your telegram No. 2315 of Dec. 3rd,† Canadian Butter requirement. Following is text of telegram I have sent today to our Mission in Australia. A similar telegram has been sent to the Canadian High Commissioner in New Zealand. Begins: Canadian Butter Requirement.

1. We face a deficiency of 15 million pounds in our requirements of butter on the basis of the following figures (all in millions of pounds) which are a careful projection of the current statistical trends; stock on hand Jan. 1st 1947, 40. Production Jan. Feb. and March 27. Total available supply 67. Required to meet current rate of ration 72. Minimum working stocks April 1st 10. Total requirement 82. These figures show a deficiency of 15 million pounds but we think we can get by with imports of 12 million pounds by using extreme care. It should be noted that April is also a deficiency month in butter production and it is not until we get into May that current production begins to equal and eventually surpass current consumption.

2. With removal in United States of all controls of rationing and prices of dairy products fats and oil it will be most difficult if not impossible to continue controls in Canada if it becomes necessary to reduce the butter ration below the present level of 6 ounces per week. From our experience last March and April we believe that a cut below 6 ounces this winter would almost certainly bring about administrative collapse of the whole rationing programme. Removal of controls in Canada would almost certainly result in less cheese and evaporated milk being available to United Kingdom account during 1947.

3. Rationing of butter in Canada commenced Dec. 15th 1942, at a rate of eight ounces weekly. This rate maintained during 1943 and 1944 but reduced to seven ounces weekly during 1945. Jan. and Feb. 1946 rate six ounces per week; March 1 to May 15 four ounces weekly; May 16 to June 6 five and one-third ounces; since June 7 ration has been six ounces weekly.

4. Evaporated milk is rationed in all areas where fluid milk is reasonably available and coupons are supplied only for infants and on medical certificate. The area under ration has been extended and the rationing procedure made considerably more restrictive within the past six weeks.

5. Rationing of both butter and evaporated milk has been necessary on account of sharply increased exports during recent years of cheese and

evaporated milk to the United Kingdom parts of Empire such as Middle East Newfoundland British West Indies etc., all in conformity with IEFC programme.

6. Shortening and cooking fats not rationed to consumers but under allocation control at manufacturer and distributor levels since Jan. 1943 at 80 percent of 1941 usage. This level was reduced to 70 percent during the summer and autumn of 1946 and we have experienced acute difficulties in meeting these rates. Lard production in Canada has been materially reduced partly on account of heavy shipments to the United Kingdom of Wiltshire sides. Lard production 1946 is estimated at 52 percent of 1941 and not over 60 percent of 1935-39 average.

7. Taking butter into consideration Canadian per capita consumption of edible fats lowest in history and with six ounces butter ration just on par with that of United Kingdom.

8. After a full discussion in Cabinet we approached the United Kingdom authorities through our High Commissioner in London for their agreement to the diversion of up to 12 million pounds of butter from the supplies to the United Kingdom from Australia and New Zealand. The United Kingdom Cabinet urgently considered our request. Although greatly concerned over the gravity of their own position they agreed on the necessity of doing all possible to tide us over our temporary period of shortage and are willing to make over to us the supplies we need provided the arrangements are such as to prevent future supplies to the United Kingdom from Australia and New Zealand from being prejudiced and on the understanding also that we will join the United Kingdom in seeking the concurrence of the Australian and New Zealand Governments in the diversion proposed.

9. Would you therefore urgently approach the Australian authorities on the basis of paragraphs 1 to 7 inclusive of this telegram and seek assurance that a maximum of 12 million pounds will be available as required. Please convey to the Australian Government the assurance of the Canadian Government that requests will not be made earlier than necessary to have the butter here when required to sustain the 6 ounce ration and that the amount requested will be determined on the basis of our statistical position at the time. We shall know then the actual production and disappearance from 1st Nov. 1946 and our stocks as at the close of the last preceding month.

10. For your information the United Kingdom Government intends to inform the Governments of Australia and New Zealand of the United Kingdom concurrence in our request for the diversion to us of up to 12 million pounds of butter subject to the receipt of assurances from Australia and New Zealand that the fact of this diversion will not in any way prejudice the over-all exportable surpluses of butter from these countries. The Australian and New Zealand High Commissioners in London who have been parties to the discus-

sions there will support the United Kingdom message in direct telegrams to their Governments urging the desirability of prompt decision on the Canadian request.

11. We are sending a similar telegram to our Mission in New Zealand.

843.

DEA/1286-40

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

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

TELEGRAM 2389

London, December 14, 1946

IMMEDIATE. CONFIDENTIAL. I am informed that Minister of Food will announce in Parliament on Monday, December 16th that the bacon ration is being reduced from three ounces to two ounces a week. He will probably issue, at same time, a statistical note on the supply position which will make it clear why this action has had to be taken. I have had a private crack at the draft statement and hope to get its reference to the short-fall in Canadian deliveries put in more or less acceptable terms.

2. I have not yet told Ministry of Food that meat rationing will shortly come to an end in Canada. I hope there may be an interval of two to three weeks between the cut in bacon ration here and the lifting of our control in which case the press are less likely to link the two decisions, or to attempt to establish a casual [*sic*] connection between them.

844.

CH/Vol. 2100

*Le haut commissaire de Grande-Bretagne au secrétaire aux Dominions*

*High Commissioner of Great Britain to Dominions Secretary*

TELEGRAM 1757

Ottawa, December 18, 1946

MOST IMMEDIATE. Punic 1587. Your Punic 1123.† To Broadley<sup>1</sup> from Lyons<sup>2</sup>. Bacon. Discussed your cable with Taggart<sup>3</sup> and Gardiner. Their views are as follows.

1. Your paragraph three sub-sections A, B and C. Subsidies and control of barley under discussion with Cabinet now, and Gardiner expects approval shortly, but till then cannot officially agree. Sub-section (D) has to

<sup>1</sup>H. Broadley, deuxième secrétaire, le ministère des Aliments de Grande-Bretagne.

<sup>2</sup>A. P. C. Lyons, chef adjoint, la mission alimentaire de Grande-Bretagne.

<sup>3</sup>J. G. Taggart, président, la Commission de la viande.

<sup>1</sup>H. Broadley, Second Secretary, Ministry of Food of Great Britain.

<sup>2</sup>A. P. C. Lyons, Deputy Head, Food Mission of Great Britain.

<sup>3</sup>J. G. Taggart, Chairman, Meat Board.

be voted annually by Parliament. No reason to suppose it will not be continued, in fact legislation is being drafted to make premiums statutory. Sub-section (E) reasonable supposition, no objection to its inclusion. Sub-section (F) and (G) agreed. Final paragraph of paragraph 3 also agreed.

2. Your paragraph 4 [Bacon] sub-sections A, B and C as they stand are agreed. Sub-section D. Gardiner of opinion that floor price of 25 dollars too low in relation to 1947 and 1948. Actually, A, B and C only give farmers from September 1947 to December 1948 to take advantage of the full increased price, and seeing the big drop in 1949 they would think twice before increasing their 1947 and 1948 production. He would like 1949 floor raised to 27 dollars fifty cents even if this was done at the expense of a reduction in 1947 and 1948. As a second suggestion, he proposed that no reference to 1949 prices should be made except that they would be negotiated during January 1948.

3. Your paragraphs 5 and 6 agreed.

4. Having expressed the above views, Gardiner added that he was strongly in favour of the basis of the agreement and would do all he could to see that it was carried out.

5. Will advise you re barley decisions as soon as known.

845.

CH/Vol. 2100

*Le ministère des Aliments de Grande-Bretagne à la mission alimentaire de Grande-Bretagne*

*Ministry of Food of Great Britain to Food Mission of Great Britain*

TELEGRAM

London, December 18, 1946

MOST IMMEDIATE. 1. Your Punic 1587 Bacon discussions. Thank you for your prompt and helpful cable. Gardiner's co-operative attitude much appreciated.

2. In view of Gardiner's attitude regarding 1949 prices and because of our own anxiety regarding our foreign exchange position in that year we feel that our purchase for 1949 might be dealt with in a separate exchange of letters, limiting the new contract to 1947 and 1948.

3. Treasury are very worried about our dollar position in 1949 and they are afraid that we shall have to review the whole of our import programme for that year at a date nearer to 1949.

4. We therefore suggest that our 1949 arrangement for buying bacon from the Canadian Government should be embodied in an exchange of letters reading as follows:

Begins. It is the intention of the United Kingdom Government to purchase 400 million lbs. of bacon in 1949 at a price to be determined in negotiation

between the two Governments during January 1948. It is understood that if the United Kingdom Government having regard to its other commitments has not available sufficient dollars to purchase the whole of this quantity in 1949 at the price agreed in January 1948 further discussions will take place with the Canadian Government before the beginning of 1949 regarding any adjustments that may be necessary in regard to the implementation of the intention set out above. Ends.

5. We should of course assume that Canadian Government would make use of information contained in this exchange of letters so that farmers would know it was U.K.'s intention to purchase 400 million lbs. of bacon in 1949 if this was at all possible. Should Canadian Government decide to publish the text of the letter we should have no objection. Alternatively they might decide to make use only of the figures contained in it.

6. In further discussions we also suggest following modification first sentence of Clause 2 to read as follows.

Begins. The Canadian Government takes note of the fact that the British Ministry of Food will be prepared to purchase from Canada during the years 1947 and 1948 the quantities specified in para. 5 below. Ends. Omission of all reference to 1949 in clause 4 and clause 5 (including deletion of 4(d) and reduction of target figure for 1948 in para. 5 to 350 million lbs.).

7. Should be glad if you could rush through your comments on this suggestion after discussing with Taggart and Gardiner as quickly as you sent your comments on our Punic X1123. Next meeting 4.30 p.m. (our time) tomorrow (Thursday).

846.

DEA/1286-40

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

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

TELEGRAM 2401

London, December 18, 1946

IMMEDIATE. SECRET AND PERSONAL. Pearsall has just shown me the draft heads of the Agreement for a new bacon contract which has been cabled to Ottawa through the United Kingdom Ministry of Food. There is no doubt in my mind about this country's need for all the bacon it can get from Canada during the next two years and no third country complications stand in the way of our making a bulk sale contract for our exportable surplus. I have no information on which to base a comment on the appropriateness of the proposed prices or of the quantities which it is hoped will be forthcoming under the new Agreement.

2. I do, however, think it important that we should not commit ourselves publicly to a target figure for exports if there is any risk whatever

that we shall fall short of it. I also think it advisable to spell out in an agreement with the United Kingdom the whole devious system of direct and indirect subsidies and of consumption and export controls whereby we hope to make the promised quantities available for export to the United Kingdom.

3. As regards duration of the contract, I see no advantage in pressing the United Kingdom to guarantee prices beyond the end of 1948. The real guarantee of our agricultural price structure lies in our own floor price law. On this aspect of the new bacon contract you may find file on last summer's wheat negotiations relevant.

847.

DEA/1286-40

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

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

TELEGRAM 2419

London, December 21, 1946

PERSONAL AND CONFIDENTIAL. Following personal for Pearson from Moore,<sup>1</sup> Begins: My telegram No. 2401 of 18th December, bacon contract negotiations.

1. I am sorry to see by this morning's papers that our Minister of Agriculture and the United Kingdom Ministry of Food have agreed on an announcement of our hope to supply 350 million pounds of bacon to the United Kingdom in 1947, when the experts in both countries believe that Canada will be doing remarkably well if she succeeds in exporting 265 million pounds next year. A high target figure may have its uses in eliciting additional production and it may also help to support our claims for a larger proportion of the United Kingdom market than we enjoyed before the war. On the other hand, it must be remembered that it is a very easy slope from "hope" to "estimate" to "undertaking" and I am afraid that this time next year we may find ourselves trying to explain away a shortfall of 75 to 100 million pounds in bacon deliveries.

2. My feeling is that we should keep our bulk sale commitments to quantities we can be reasonably certain of delivering, and that we should try not to project commitments in respect of either quantity or price too far forward into the future. A two year programme covering prices and quantities seems to me defensible and in the mutual interest of both Canada and the United Kingdom. For the third year, I should be content with an indication of the United Kingdom's readiness to take Canadian bacon up to some agreed maximum. If the domestic hog production programme requires

<sup>1</sup> Cette personne ne peut pas être identifiée positivement.

<sup>1</sup> This person cannot be positively identified.

longer assurance of remunerative prices, then we have machinery available under the Floor Prices Act to give a domestic guarantee of hog prices for 1949 and 1950 if need be. By combining the techniques of bulk contract and domestic price guarantee we can hope to keep control of the expansion and maintenance of this important sector of our agricultural economy. It should not be left to depend indefinitely on the vicissitudes of the United Kingdom exchange position. What I should like to see us do is work out a domestic policy in terms of hog production supplemented by a marketing policy for bacon deliveries to the United Kingdom, reserving exhortations for the domestic field and keeping the bacon contract on a strictly business basis. Ends.

848.

DEA/1286-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] December 30, 1946

UNITED KINGDOM BACON CONTRACT; NEW AGREEMENT

At the meeting of the Cabinet on December 30th, it was agreed that, subject to the deletion of any reference to arrangements for 1949, the draft Heads of Agreement, submitted at this meeting for consideration, for revision of the bacon contract with the United Kingdom be approved, the said agreement to provide for an increased price of two cents per pound effective January 1st, 1947, and a further increase of two cents per pound effective September 1st, 1947, to the end of 1948; an Order in Council to authorize the conclusion of the said agreement to be passed forthwith.

It was also agreed that announcement of the new prices provided in the agreement should be made at a date to be agreed on, having in mind the necessary arrangements to be made by the Wartime Prices and Trade Board for consequential adjustments in the domestic price ceilings and, on the other, the desirability of informing producers at the earliest possible date.

849.

CH/Vol. 2101

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

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

TELEGRAM 2211

Ottawa, December 30, 1946

IMMEDIATE. SECRET. Canadian Butter Requirements. We have not yet received a definite indication from our representatives in Australia and New

Zealand whether those Governments are prepared to agree to the diversion of butter which we have requested. The last word we have had is contained in tel. 278 of Dec. 20th† from our Acting High Commissioner in Australia which we referred to you advising that Australia intends to inform the Dominions Office that she agrees in principle. I think there is need for centralising these negotiations between the four countries and it would be helpful if this could be done through you. If Australia and New Zealand agree to the diversion on the conditions set out in the D.O. tels. 386 to Australia† and 297 to New Zealand† of Dec. 7th then the centralisation would relate mainly first to publicity arrangements and secondly to the handling of our specific requests. There is the possibility indicated in tel. 278 of Dec. 20th that Australia's acceptance will contain a new condition which will have to be discussed with the United Kingdom. Will you please advise me whether it is feasible to have the negotiations centralised in your hands.

In the meantime following the suggestion contained in para. 2 of your tel. 2315 of Dec. 3rd† I can advise you that the Dairy Products Board has asked us to make a firm request for 5,600,000 pounds, (that is for 100,000 boxes of 56 net pounds each) to be shipped as soon as possible from whichever of the two Dominions can make earliest delivery to any of the following ports: Vancouver, Halifax or Saint John. The butter should be shipped to the Dairy Products Board at the port of discharge and invoiced to the Dairy Products Board, Ottawa.

We are referring this telegram at once to our representatives in Australia and New Zealand for their information. Until we hear from you we are not however asking them to present the specific request to Australia and New Zealand.

850.

PCO/D-10-3

*Le haut commissaire par intérim en Australie au secrétaire d'État  
aux Affaires extérieures*

*Acting High Commissioner in Australia to Secretary of State  
for External Affairs*

TELEGRAM 283

Canberra, December 31, 1946

SECRET. My telegram No. 278 of December 20th,† butter.

We have today received from External Affairs a note summarizing Australia's telegram to Dominions Office, agreeing in principle to diversion of butter to Canada but stating the decision to divert supplies must be made by United Kingdom Government.

## SOUS-SECTION v/SUB-SECTION v

## CRISE DU PAPIER/PAPER SHORTAGE

851.

DEA/240

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] October 5, 1946

The Prime Minister sent to me this afternoon the attached personal letter from Mr. Bevin, which he received via Clutterbuck last night. He commented that he did not think this letter ought to go on the files and that it was probably a matter which should be taken up with Mr. Howe. The Wartime Prices and Trade Board is also pretty directly involved. I think probably the way to deal with it is to take it up with Mr. Howe in a letter, simply indicating that this has been brought to the Prime Minister's attention by a high level approach and that Mr. King feels that the request should be carefully investigated. It would be necessary to paraphrase most of the letter.

H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire d'État aux Affaires étrangères de Grande-Bretagne  
au Premier ministre*

*Secretary of State for Foreign Affairs of Great Britain to Prime Minister*

PERSONAL AND CONFIDENTIAL

London, September 25, 1946

Dear Mackenzie King,

When we spoke in Paris you were good enough to offer to help us on special matters whenever possible. Such a case has arisen. We are desperately short of paper and pulp to meet the needs of the British Zone of Germany. It is essential to have more German papers. Byrnes has told me the Americans are also going to step up both press and radio publicity in their Zone. I want if at all possible to do the same. The reason for this needs no explanation.

But our present supplies are not enough to cover German paper requirements even at their present low level. We are doing all we can to help from stocks and by manufacture in mills over here. To meet the present emergency in the Zone, we are hoping to supply immediately 4,000 tons of newsprint. But such supplies can only be sent at the expense of our own needs which are still very far from being met, and shortage of paper is, as you know, seriously hampering our own post-war recovery. Walter Layton of our Newsprint Purchasing Mission at present in your country can let you have fuller details of the position.

There is also a serious shortage in our Zone of "strong" paper for industrial packing purposes. The critical food situation makes this an urgent need.

Could you help us out by making available, on an emergency basis, over the three months October to December, 1946, 2,000 tons of sulphite pulp and 2,300 tons of sulphate pulp per month? In addition, would it be possible for you to replace the 4,000 tons of newsprint which we are sending from this country to meet the immediate needs?

I hope that the supply position in 1947 will be somewhat better but we might have to appeal for help again. I would be grateful for anything you can do in this matter.<sup>1</sup>

Yours sincerely,

ERNEST BEVIN

852.

W.L.M.K./Vol. 326

*Mémorandum du cabinet du Premier ministre au Premier ministre*

*Memorandum from Office of the Prime Minister to Prime Minister*

[Ottawa,] October 15, 1946

Mr. Garner, the Deputy High Commissioner for the United Kingdom, telephoned this afternoon with regard to some discussions which Sir Walter Layton has been having on behalf of the United Kingdom government with the officials of the Pulp and Paper Association concerning the shipment of newsprint and paper to the British Zone in Germany. I understand that these discussions resulted from a letter written to you by Mr. Bevin making a special request for additional shipments. Mr. Garner stated that the talks had been helpful and sympathetic on the whole, and the officials of the Pulp and Paper Association would be meeting representatives of all the paper companies some time toward the end of this week with regard to the tonnage to be shipped and other points of detail.

While Sir Walter Layton feels quite well satisfied with the discussions with the producers, he has been asked by his government to discuss, at the Ministerial level, some of the political aspects involved in the question. He is coming to Ottawa tomorrow and will be meeting Mr. Howe in the morning. If it could be arranged, he would very much like to have not more than 10 minutes of your time to speak to you, if it would suit your convenience. I understand that Sir Walter will be here all day tomorrow.

I told Mr. Garner that I did not know whether you would feel that you should become directly involved in this matter, especially since Mr. Howe had it in hand, but he asked to have the request placed before you for your decision in any event.

R. G. R[OBERTSON]

<sup>1</sup>La note suivante était écrite sur cette lettre:

<sup>1</sup>The following note was written on this letter:

Letter given me by hand by High Commissioner at Earnscliffe evening of Oct[ober] 4/1946. W. L. M[ACKENZIE] K[ING]

853.

DEA/240

*Le ministre de la Reconstruction et des Approvisionnements  
au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Reconstruction and Supply to Under-Secretary of State  
for External Affairs*

PERSONAL AND CONFIDENTIAL

Ottawa, October 16, 1946

Dear Mr. Pearson,

I have your letter of October 9th,† conveying a request for sulphite pulp, sulphate pulp and newsprint. The political urgency of the matter is noted from your letter, and from a subsequent talk with Sir Walter Layton, who had been asked to make representations here by a senior member of the United Kingdom Government.

I have been doing my best to obtain this material, and thought that the matter was well in hand. However, there has been general resentment that the demands of Sir Walter Layton had not included these items, and that Canadian industry, which is already badly oversold, should be called upon by the Government for large commitments of the character contained in your letter.

There is the additional fact that Sweden has cut off all supplies of sulphite pulp to United States to further break O.P.A. ceilings. The feeling among the trade is that they should get this from Sweden. Sir Walter Layton will cable me the answer to this suggestion.

I am leaving the City for ten days, but I am asking the Timber Controller, Mr. T. F. Flahiff, to keep in touch with you about further negotiations with the industry. In the meantime, I will do my best to get confirmation of this additional quantity.

I understand that you are having a talk with Sir Walter Layton about the situation.

Yours very truly,

C. D. HOWE

854.

DEA/240

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

TOP SECRET

[Ottawa,] October 17, 1946

On receipt of a copy of the letter to you from Mr. Bevin regarding newsprint for the British Zone in Germany, I took the matter up with Mr. Howe by letter and by telephone. Mr. Howe said he would do whatever he could

to meet Mr. Bevin's request. He phoned me today, however, to say that he was encountering certain difficulties, as the newsprint situation is, of course, extremely tight at the moment. However, he still had hopes that something could be accomplished. At Mr. Howe's request, I saw Sir Walter Layton yesterday morning, when he explained the situation to me and expressed the hope that, as a result of the intervention of the Canadian Government, the newsprint manufacturers might be able to divert supplies from present customers to the British Zone in Germany. I understand that Sir Walter also saw you yesterday afternoon, so he no doubt emphasized the importance that is attached by the United Kingdom Government to this request. From the point of view of the re-education of the German people, it is, of course, important that the Germans in the Russian Zone should not be in a better position insofar as information from press, periodicals and books is concerned, than those for which the western democracies have accepted responsibility.

If the United States metropolitan publishers would agree to suspend their Sunday supplements for only one edition, I should think an adequate supply of newsprint would be available for both the United Kingdom and United States Zones in Germany for some time.

855.

DEA/240

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

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

Dear Mr. Pearson,

Ottawa, November 5, 1946

NEWSPRINT AND PULP FOR THE BRITISH ZONE OF GERMANY

In the note enclosed in Mr. Garner's letter of the 21st October† it was stated that an amplified statement would be sent as soon as possible in justification of the appeal which has been made to Canada for assistance towards meeting immediate needs.

I have now received from my Government by telegram the enclosed statement setting out the position in detail, and have been asked to communicate it urgently to the Canadian authorities in support of the case which has been put before them.

As will be seen from the statement, the situation is causing great anxiety, and it would be of the utmost assistance if the matter could be dealt with as speedily as possible. As stated in Mr. Garner's letter, my Government would very much welcome a visit by a Canadian expert to the British Zone in Germany for the purpose of studying conditions on the spot, but they much hope that it will be found possible in the meantime to proceed with the assistance needed to meet the present emergency.

Yours sincerely,

A. CLUTTERBUCK

## [PIÈCE JOINTE/ENCLOSURE]

*Déclaration du gouvernement de Grande-Bretagne**Statement by Government of Great Britain*

[n.d.] 1946

## A. Chemical pulp generally (excluding pulp for textiles).

1. Total production in Germany in 1937 was 1.43 million tons of which the present Soviet Zone and territories lost in the East provided two-thirds, the American Zone one-quarter and the French and British Zones provided small balance about equally. Exports and imports were comparatively small (under 200,000 tons) and approximately cancelled out. Estimated 1937 consumption in British Zone area was nearly half a million tons. Production in same area was 65,000 tons, hence this area was anything but self-supporting.

2. 1946 production in British Zone may reach 20,000 tons at the most. Only obtainable imports have been 16,000 tons ex-Sweden last spring. Further imports are absolutely essential but none are obtainable from Continental sources apart from small import referred to in paragraph 2 of part B.

## B. Sulphate pulp.

1. Pre-war sulphate production capacity was 110,000 tons per year—all in Eastern parts of Germany, none in British or American Zone areas. Sulphate is urgently required for lime, fertiliser and grain sacks, strong food wrappings, cable papers, binder twine, emery base, etc.

2. Sole import to the British Zone since the war ended has been 10,000 tons. Total stock on 1st October was 3,000 tons. Total imports in sight are 500 tons pulp, 3,000 tons kraft paper; hence the total possible availability for last quarter of 1946 is 6,500 tons. Minimum requirement for the same period is 13,400 tons. If Canada could supply the deficit of 6,900 tons, this would be allocated on basis of 5,800 tons for sack paper, 950 tons for cable paper, 150 tons for emery base.

3. Requirement figure of 13,400 tons in three months is only one-third of the estimated pre-war quarterly consumption in the same area and therefore most meagre.

## C. Sulphite pulp.

1. All Germany 1937 produced about 1.32 million tons of sulphite pulp and after allowing for small exports estimated consumption was about 1.15 million tons. Assuming consumption is evenly spread over the population, it is estimated that annual consumption in the area of the present British Zone must have been nearly 400,000 tons. Total 1946 availability at present foreseen is 30,000 tons (20,000 indigenous, 6,000 ex-Sweden last spring, 1,500 ex-U.K. purchases in Sweden coming in November, 2,500 tons in form of finished paper from U.K. and Austria delivery expected this

quarter), that is less than one-twelfth of pre-war consumption. This indicates straits to which the Zone is reduced.

2. Present position (i.e. that for last quarter of 1946) is that absolute minimum requirements are 13,500 tons of sulphite pulp of which we cannot hope to find at best more than 7,500 tons (indigenous 6,000, import, 1,500). This leaves balance of 6,000 tons which appeal is made to Canada to supply. In order to assist towards bridging the gap pending reply from Canada to this appeal, the United Kingdom, out of its meagre resources, has despatched 1,500 tons (as stated in paragraph 1 of part C above). It might be thought that having tided over first month of last quarter of 1946 this requirement of 6,000 tons could be reduced, but the U.K. authorities feel it necessary to have at least one month's import supply in hand by end December as they have so far not been able to make any arrangements for 1947 (actually they are trying to secure option on 25,000 tons Swedish sulphite and equal amount of sulphate for 1947).

3. From 13,500 tons sulphite would be made about 40,000 tons finished paper of which one-quarter would be cardboard, one-quarter writing, typing and printing, one-fifth crepe, M.G. papers and wrappings, nearly one-eighth newsprint, one-eleventh roofing felt base, and balance miscellaneous essential technical papers.

4. Small indigenous sulphite production is due to (a) war damage and (b) shortages of pulpwood, coal and electricity. War damage is slowly being repaired. Pulpwood shortage is complicated by demands on timber, transport and labour for timber export programme for United Kingdom housing needs. Grim coal position is well known to you and electricity is directly dependent on coal.

5. Merger of British and American Zones may improve indigenous supply eventually, but the Americans will have no surplus unless and until easing of pulpwood and coal position allows them to reactivate further capacity.

#### D. Newsprint.

1. Sir Walter Layton has already explained the position. Supply of newspapers per head of population per week is 2.37 in Soviet Zone, 1.18 in American Zone and 0.65 in British Zone. Population of latter is estimated at nearly twenty-three millions.

2. Present indigenous newsprint production 1,400 tons per month. Interim British Zone target is 3,000 tons newsprint per month. Authorities responsible for German re-education ask for more than double this plus 2,000 tons book paper. The Secretary of State for Foreign Affairs attaches great importance to this part of the programme.

#### E.

In conclusion it is desired to stress the extreme urgency of the present minimum demands. Should the import programme from Sweden referred to in paragraphs 1 and 2 of part C above not be fulfilled, the position as regards 1947 requirements will become still more serious.

856.

DEA/240

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] November 6, 1946

NEWSPRINT AND PULP FOR THE BRITISH ZONE OF GERMANY

The Department of Reconstruction and Supply have been discussing the United Kingdom request, made through Sir Walter Layton, with the industry in the light of a message from the United Kingdom, giving certain further information desired by the Canadian authorities. This message was not very satisfactory, but a further message came from the United Kingdom High Commissioner today, which I am sending to Mr. Howe, and which may be more illuminating.

Meanwhile, the industry feel that they would not be justified in diverting supplies from existing contracts, with the possible risk of violation of such contracts, unless there was a directive issued as the result of a Government decision, based on the representations already made.

If you feel that such a directive should be issued, I would be able to pass this on to the Department of Reconstruction and Supply. Alternatively, Mr. Howe could bring the matter up in Cabinet, when a decision could be reached.

I think, myself, that the issue is an important one, as it involves, in part, the re-education of the German people in the British zone, and would ensure, to some extent, that they are not placed in an inferior position in this regard to the Germans in the Russian zone. I do not think the United Kingdom authorities have handled the matter very well, but, notwithstanding, I feel that everything that can be done should be done to supply the comparatively small amount of pulp requested.

857.

DEA/240

*Le sous-secrétaire d'État aux Affaires extérieures au ministre  
de la Reconstruction et des Approvisionnements*

*Under-Secretary of State for External Affairs to Minister  
of Reconstruction and Supply*

Ottawa, November 8, 1946

Dear Mr. Howe,

Yesterday I sent a letter to Mr. Flahiff of your Department (copy enclosed)† on the United Kingdom request for newsprint and pulp for their zone in Germany. I also had a talk with the Prime Minister about this matter yesterday and he expressed the view that for broad reasons of international

policy we should help the United Kingdom in this matter, if we possibly can. Unless there are technical or legal reasons which require a more specific directive than this from the Government, Mr. King would be glad if you could go ahead on the basis of this expression of his own opinion. If, however, such technical or legal reasons do exist, then he thinks that possibly you might bring this matter up in Cabinet with a view to seeing what action can be taken.

It has occurred to me that one way of avoiding the difficulty of possible breach of contract would be for the Government to purchase the supplies in question through the Commercial Corporation and then sell them to the United Kingdom authorities. I do not know if there is anything in this idea, but I thought I might pass it on to you.

You will note that I mentioned to Mr. Flahiff the possibility of a talk with the President of the Canadian Pulp and Paper Association on Monday or Tuesday of next week.

Yours sincerely,

L. B. PEARSON

858.

DEA/240

*Le ministre de la Reconstruction et des Approvisionnements  
au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Reconstruction and Supply to Under-Secretary of State  
for External Affairs*

Ottawa, November 9, 1946

Dear Mr. Pearson,

Thanks for your letter of November 8th, enclosing copy of letter dated November 6th to Mr. Flahiff.

I have asked Mr. Flahiff to arrange a meeting with the President of the Canadian Pulp and Paper Association for Monday or Tuesday of next week, when he will discuss the possibility of an order being placed by the Commercial Corporation. I will then be prepared to discuss the matter in Council on Tuesday.

You will appreciate that the fact that this demand from the U.K. came concurrently with the negotiations of Sir Walter Layton for increased supplies of pulp and paper for the U.K. press, and the further fact that Sweden are withholding their supplies from export in order to obtain a better price, have made procurement of these additional quantities most difficult. However, it may be possible to work out a solution without resort to expropriation, although it is quite probable that Canadian newspapers may have to bear part of the impact.

Yours sincerely,

C. D. HOWE

859.

DEA/240

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

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

CONFIDENTIAL

Ottawa, November 18, 1946

Dear Sir Alexander [Clutterbuck],

I am sending you herewith a copy of a communication which the Prime Minister has addressed to Mr. Bevin, concerning the United Kingdom request for sulphite pulp and sulphate pulp to meet the needs of the British Zone in Germany.

We have been discussing this matter with the pulp and paper industry, as a matter of urgency, and they have emphasized to us, through their responsible officers, their desire to meet any reasonable requests which the Government might make. However, as they point out, pulp supply is, at the present time, far short of demand. All pulp production is fully sold and, indeed, it is necessary for mills to ration supplies to their existing customers. In these circumstances, the industry feel that, however anxious they may be to help, it is legally and practically impossible, on a voluntary basis, to comply with the request for shipment of emergency pulps to occupied Germany. The alternative is some compulsory or directive action on the part of the Government which would be binding on the industry. Before taking any such action, the Government is naturally anxious to be certain that it would achieve the desired object of providing more printing paper for Germany; that there were not other quicker and better ways of obtaining the pulps in question.

Relevant to the above is the difficulty which has already been indicated to you of the inadequacy of our information as to the facts of the case and the practical steps that can be taken to find a solution. It is true that Sir Walter Layton, in his discussions with the Canadian authorities concerned, produced certain general information as to the comparative amounts of paper propaganda in the Russian and British Zones of Germany. This information was supplemented by that contained in the note attached to your letter to me of November 5th. However, we have not yet received any definite information as to manufacturing conditions in the British Zone or as to steps taken by the Control Commission to provide paper and paper products in that Zone. Nor have we yet any knowledge of the duration of this request, based on the present position, or of any plans formulated to meet 1947 requirements. Certainly we would like to know whether this request is likely to be followed by other similar ones. Nor have we any evidence as to efforts to get these supplies from other sources, except a reference to the Swedish position, which indicates that Swedish supplies have been stopped because of a dispute between the Swedish mills and the Swedish Government. Sweden, of course, is a logical source of supply for these pulps, and

adequate quantities of Swedish pulps are reported to be in existence. The dispute in Sweden to which I referred above may now have been settled. In fact, we have received reports to that end. Therefore, that source of supply might now be open. It is estimated that Sweden will export to the United States in the last quarter of this year more than 100,000 tons of these same grades of pulp. If Canadian producers are compelled to ship this emergency tonnage to Germany, it will have to be taken from contract customers in the United States and Canada. It seems unrealistic to have Swedish pulps coming to North America to replace tonnage taken away from customers here to be shipped back across the ocean to Germany. The only possible benefactors of such a programme would be the shipping companies and possibly the Swedish producers, who may gain long-range contracts at the expense of Canadian producers.

I would also point out that the request is for unbleached sulphite and unbleached sulphate pulp, not for printing papers and containers. Both these pulps require manufacture before they can be converted into printing or packaging materials. The unbleached sulphite must be mixed with five or six times as much groundwood pulp and run through newsprint machines before it can be used for printing purposes. We know nothing of the availability of machines, skilled labour and coal for this purpose in the British Zone, or whether plants could be rehabilitated to run such limited quantities for a temporary period.

It is clear that compulsion of supplies to Germany can only be achieved by taking the pulp away from contract customers in Canada and the United States. The Canadian Government has already compelled the pulp producers to supply greatly increased supplies to Canadian consumers at prices that are \$20 to \$30 below world prices. Canadian shipments have increased from an average of 85,000 tons per year pre-war to 180,000 tons per year during the war, and in 1946 (under Wartime Prices and Trade Board orders) to 240,000 tons. Notwithstanding these increases, Canada is still very short of commodities made from pulps such as toilet tissues, magazine papers, wrapping paper, shipping cases and multi-wall sacks. Although Canada is as well supplied with pulp products as any country in the world, it seems likely that a diversion of pulp tonnage from the Canadian supply would create shortages in this country.

Before taking any action which would result in these shortages, we would certainly like to be certain that the action taken would achieve the desired end. That is why it is difficult to send a definite reply to Mr. Bevin's request until further information is available.

I have not mentioned previously the danger of establishing a precedent if this request is met which will subject the Government to strong pressures. There are innumerable shortages in other countries that are able to make claims on the basis of need and political importance which differ only in slight degree from the present claim. Severe shortages of pulp and paper are known to exist in Greece, India, Egypt, France and Holland—to mention

only a few. If this Government undertakes to provide pulps to Germany, it is difficult to see how it could refuse similar requests from other needy countries, many of which were our allies in the war.

I hope you will not mind me bringing these points to your attention. I assure you that there is no lack of appreciation here of the importance of the request or of the issues involved. I am sure, also, that you appreciate our difficulties in meeting this request and our anxiety to be perfectly certain that, if we do, it will make an immediate and effective contribution to the end desired and one which could not be more easily and as effectively made in some other way.

Yours sincerely,

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

*Le Premier ministre au secrétaire d'État aux Affaires étrangères  
de Grande-Bretagne*

*Prime Minister to Secretary of State for Foreign Affairs of Great Britain*

PERSONAL AND CONFIDENTIAL

Ottawa, November 13, 1946

Dear Mr. Bevin,

Some time ago your High Commissioner here forwarded your letter of September 25th, wherein you inquired whether it would be possible to supply certain quantities of sulphite pulp and sulphate pulp to meet the needs of the British Zone in Germany. I must apologize for my delay in writing to you about this, but there has been no delay in the consideration which we have given to your request, the importance of which is appreciated.

In this connection we have had the advantage of discussions with Sir Walter Layton when he was in Ottawa. As a result of these discussions, we have requested certain supplementary information which would help us in making a decision. I may say that, as you doubtless know, the pulp and newsprint situation in Canada is extremely tight and that every ton of production in this country is already committed by contract. Without a reimposition of Government controls or without Government purchasing it is difficult to see how, apart from other considerations, your request can be met. Nevertheless the question will be further investigated in the light of the additional information which we hope to receive and I will let your High Commissioner here know the result. I can assure you that if we are unable to meet this specific request, it will be because circumstances make it impossible, and not because we do not appreciate the importance of the issues involved.

Yours sincerely,

W. L. MACKENZIE KING

## SECTION B

## INDE/INDIA

860.

DEA/5550-40

*Le délégué commercial de l'Inde au sous-secrétaire d'État  
aux Affaires extérieures*

*Trade Commissioner of India to Under-Secretary of State  
for External Affairs*

Toronto, January 18, 1946

Dear Mr. Robertson,

I am more than grateful to you for the kindly way you received me the other day, as also for the co-operative and sympathetic manner in which you discussed the points I raised concerning the Canadian Nationality Bill No. 20.<sup>1</sup>

2. As you very kindly agreed, I am re-stating below the more important points we discussed in order that you may favour me with your confirmation and/or comments in writing, for sake of record and for information of the Government of India.

3. My reading of Bill No. 20 is that;

(a) Under Section 4(a) and 5(1)(a) and (b), all East Indians natural-born in Canada or may be natural-born of East Indian parents, already domiciled in Canada, after the coming into force of this Act, are or will be natural-born Canadian citizens.

(b) Under Section 8(1) all East Indians not born in Canada but legally domiciled in Canada at the time of the coming into force of this Act will become Canadian citizens and will thus enjoy the rights and obligations of such citizenship as laid down under Section 26 of the Act.

4. As the Bill No. 20 would only repeal the Nationalization Act, Chapter 138 of the Revised Statutes of Canada 1927, and the Canadian Nationals Act, Chapter 21 of the Revised Statutes of Canada 1927, but would not repeal or otherwise amend in any way the provisions of the existing Dominion franchise or elections acts, nor would it affect in any manner the sovereign control of the provinces over their respective Provincial Elections Acts, I presume that the East Indians domiciled in the Province of British Columbia who do not at present enjoy the provincial vote under the British Columbia Provincial Elections Act R.S.B.C. 1936, Chapter 84, Section 2, may, even after attaining Canadian citizenship, be still disqualified or rendered incompetent to vote in the provincial elections. I further presume that as the Dominion vote is at present dependent upon the provincial vote, such East Indians who may attain Canadian citizenship, on the coming into force of Bill

<sup>1</sup> Voir la note, document 777.

<sup>1</sup> See note, Document 777.

No. 20, but are still debarred from the use of the provincial vote, will be disqualified and rendered incompetent to vote in the Dominion elections.

5. As under Interpretation, Section 2(g), "Country of the British Commonwealth" means a country listed in the First Schedule to the Act, and as in this list of "countries in the British Commonwealth" India is not mentioned, my presumption is that, under Section 27 of Bill No. 20, East Indians residing in or visiting Canada, other than those who may have attained Canadian citizenship, shall not be recognized in Canada as British Subjects.

6. You very kindly assured me that such was not the intention of the Dominion Government and that you would be pleased to have this point thoroughly examined, including my request for the inclusion of India in the list of "countries in the British Commonwealth", as included in the First Schedule to Bill No. 20, in order to remove all possibilities of discriminatory treatment in Canada of Indian Nationals.

M. R. AHUJA

861.

DEA/5550-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au délégué commercial de l'Inde*

*Under-Secretary of State for External Affairs  
to Trade Commissioner of India*

Ottawa, January 31, 1946

Dear Mr. Ahuja,

I should like to refer to your letter of January 18th concerning certain points in the Canadian Citizenship Bill which are of interest to the Government of India. Perhaps it would be satisfactory for me to comment on the various points in the order in which you raised them.

Your understanding of Sections 4 and 5 of the Bill as set forth in paragraph 3(a) of your letter is correct. Children born of East Indian parents outside of Canada after the passing of the Act will, of course, be subject to the provision of Section 5(1) (b) and 5(2) with regard to registration and retention of citizenship.

Your interpretation of Section 8(1) as set forth in paragraph 3(b) of your letter is also correct. East Indian British subjects who have "domicile" in Canada at the time the Act comes into force will become Canadian citizens.

With regard to paragraph 4 of your letter, the position is as you suggest—namely, that the coming into force of the proposed Act will not affect in any way the legislative provisions that now exist with regard to the exercise of the provincial or federal franchises in Canada.

In paragraph 5 of your letter you refer to the effect of Section 27 of the Bill, read in conjunction with Section 2(g) and the First Schedule, upon the recognition of East Indians as British subjects. There has not been an oppor-

tunity yet to give this matter the careful study that it will require. From a preliminary examination, I do not think that a strict legal interpretation would give the result you fear, since the controlling definition with regard to the status of British subject so far as India is concerned (other than for purposes of purely internal status resulting from naturalization) is, I believe, the British Nationality and Status of Aliens Act of the United Kingdom, rather than the Indian Naturalization Act of 1926. However, whatever may be the correct interpretation of the Section as it now stands, I can assure you that it was not at all the intention of the Canadian government to have East Indians omitted from the category of British subjects under our law. The matter will be given careful attention.

As a related point, you referred in paragraph 6 of your letter to the omission of India from the countries listed in the First Schedule of the Bill. As Mr. R. G. Robertson mentioned at the time of our conversation, this list was established to serve a purpose similar to that of the "List of Dominions" in the First Schedule of the present Naturalization Act, which set forth the countries of the Commonwealth that had adopted Part II of the British Nationality and Status of Aliens Act or that had passed parallel legislation of their own. Under the new Bill the purpose is much the same, namely to include the countries which have their own legislation according national status of general recognition. In the case of India I believe that, at present, there is no specific nationality legislation other than the Indian Naturalization Act, 1926, which deals only with naturalization rather than with nationality in general, and section 7 of which provides that the status accorded by naturalization is an internal status only. This being so, India was not included in the list, although under section 2(g) provision was made, with the position of India specifically in mind, for the addition of further countries by proclamation.

With the above explanation I think you will appreciate why the composition of the text is what it is. It is the character of the nationality legislation in any particular country and not of its general status that was the determining factor, and for the purposes of the Bill there could be no other criterion than that.

It may be that the heading of the schedule—"List of Countries in the British Commonwealth"—is misleading if the list is not related to its specific purpose. It was used because it is a bit difficult to get any other phrase for use throughout the Bill to include all the countries which have nationality legislation which we wish to recognize as according the status of British subject for purposes of our law. The only alternative that occurs readily, and it is an awkward one, is to use, in section 27 and elsewhere, some formula such as ". . . under the laws of any country listed in the First Schedule to the Act . . ."

I think that from what I have said you will appreciate the reasoning behind the present drafting of the Bill. Technically, I think it is accurate, but the government is most anxious to avoid anything that might be misinterpreted to the disadvantage of your country or your people and consequently the

Bill will be re-examined with care to see if it might be modified to avoid the implications that might be drawn from its present form.

Yours sincerely,

N. A. ROBERTSON

862.

DEA/5550-40

*Le consul général à New York au secrétaire d'État par intérim  
aux Affaires extérieures*

*Consul General in New York to Acting Secretary of State  
for External Affairs*

TELEGRAM 83

New York, November 1, 1946

CONFIDENTIAL. ASDEL No. 52. India's complaint against South Africa.<sup>1</sup> Keenleyside has today given me the following memorandum. Begins: The India and South Africa problem.

I discussed this matter with Mrs. Pandit and Mr. Menon and Mr. Saptu of the Indian delegation, with Cadogan of the United Kingdom and with Raynor and Allison of the United States. The following information was, I believe, accurate as of October 29th.

(a) Saptu and Menon were of the opinion that the Indians would be prepared to enter into renewed discussions with South Africa outside the Assembly if they could be convinced that there was any slight hope of the South Africans being "reasonable" in their attitude towards this problem. Alternatively, they would be prepared to support a reference of the legal aspect of the problem to the World Court, or any other competent legal body. Either of these steps would be valuable to the extent that it would be likely to postpone the issue for another year. The Indians were not hopeful that the South Africans would agree to either proposal because they did not think that, under the leadership of Field Marshal Smuts, South Africa would be prepared even to consider any useful concession and they are convinced that South Africa recognized that if the legal issues were ever placed before a competent court, the decision would be in the favour of India. In these circumstances, the Indians felt that they must press on with the issues in the Assembly.

(b) In the course of our discussion, the Indian delegates referred to the position of their compatriots in Canada. They said that while they do not like the way in which we have placed civil disabilities on Indian residents in Canada, they do not feel outraged in our action as they do by the steps that have been taken by South Africa. This is due, in part, to the much

<sup>1</sup> Lors de la quarante-sixième séance plénière de l'Assemblée générale des Nations Unies le 31 octobre, la question des droits des immigrants indiens en Afrique du Sud avait été soumise à une commission mixte de la première et de la sixième commissions.

<sup>1</sup> At the forty-sixth plenary meeting of the General Assembly of the United Nations on October 31, the issue of the rights of Indian immigrants in South Africa had been referred to a joint committee of the First and Sixth Committees.

smaller dimensions of the problem, but in part also to the fact that South Africa has taken its recent seriously retrograde steps *after* the promulgation of the United Nations Charter. This action has aroused a great deal of anger among the Indians.

(c) The United Kingdom is very worried about the India-South Africa row. They do not know what line to take and are praying for "something to turn up". They would be thoroughly delighted for any excuse which would postpone the issue and would support any move to have it dealt with outside the confines of the United Nations. They would be happy to see Canada take any possible initiative designed to bring the two disputants together.

(d) The attitude of the United States is similar to that of the United Kingdom, except that they do not take so much interest in the problem. They also would like to see it settled outside the Assembly and seem to think that some Canadian initiative to bring the other members of the British Commonwealth together would be appropriate and might be successful. Ends.

863.

DEA/5550-40

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 70

Ottawa, November 2, 1946

CONFIDENTIAL. DELAS No. 48. For the Canadian Delegation to the General Assembly, Begins: Your Telegram No. 83, India's complaint against South Africa. A Canadian initiative which could bring the two disputants together and keep the question out of public controversy in the Assembly would, of course, be helpful. It should not be forgotten, however, that Canada's position in regard to the status of East Indians here is not above criticism and we are at the present time receiving communications protesting against it. It would be unfortunate, therefore, if we took any initiative which served to concentrate attention on our own position and extend the controversy to include us. This is an aspect of the matter which you no doubt are keeping in mind. Ends.

864.

DEA/5550-40

*Le secrétaire, le département des Relations avec le Commonwealth de l'Inde,  
au secrétaire d'État aux Affaires extérieures*

*Secretary, Department of Commonwealth Relations of India,  
to Secretary of State for External Affairs*

New Delhi, December 6, 1946

Sir,

INDIANS IN BRITISH COLUMBIA—FRANCHISE

I am directed to address you on the question of conferring Dominion, Provincial and Municipal franchise on Indians domiciled in the Province of

British Columbia in the Dominion of Canada. As you are aware, about 1,300 out of the 1,500 Indians resident in Canada live in the Province of British Columbia. By virtue of Section 5 of the British Columbia Provincial Elections Act, Indians there are disqualified from voting at elections and are debarred from having their names inserted in any list of voters. By the operation of Section 30(1)(g) of the Dominion Elections Act, they are also denied the federal franchise. This discrimination against a class of British subjects domiciled in a Dominion of the British Commonwealth has long been a grievance among Indians in British Columbia and Canada and is regarded as a humiliation to India.

2. In this connection it will be recalled that at the Imperial Conference of 1921, a resolution was adopted and agreed to by the representatives of Canada, which while affirming that each community of the British Commonwealth should enjoy complete control of the composition of its own population by means of restriction on immigration from any of the other communities, recognised that there was an incongruity between the position of India as an equal member of the British Empire and the existence of disabilities upon British Indians lawfully domiciled in some other parts of the Empire. The Conference expressed the opinion that in the interests of solidarity of the British Commonwealth it was desirable that the rights of such Indians to citizenship should be recognised. The late Right Hon'ble V. S. Srinivasa Sastri, who represented India at the Imperial Conference of 1921, visited Canada in August, 1922, to secure the practical application of the resolution mentioned above. Mr. Sastri, however, found that there was a very strong current of opinion in British Columbia against the grant of provincial and municipal franchise to Asiatics as the economic rivalry between the white and non-white races (particularly the Japanese and Chinese) was more acute in that Province than in any other part of the Dominion. At the Imperial Conference of 1923, the representatives of Canada pointed out that the Dominion Government were averse to taking any action which might have a semblance of dictating to the Provincial Governments. The position in respect of Franchise Law in British Columbia, therefore, remained unchanged. The Dominion of Canada Elections Act came under revision by Parliament in 1925, but as the Committee on Privileges at Elections came to the conclusion that no change in the 'existing law' could be made, the position in regard to the Dominion Franchise law also remained the same as it was in 1921. From time to time, thereafter informal discussions have taken place between various Indian leaders, e.g., the late Sir Mohammad Shafi, Sir Atul Chandra Chatterjee, Sir Muhammad Zafrulla Khan and Sir Ramaswami Mudaliar and the Canadian Prime Ministers. The latter generally were sympathetic and appreciated the Indian view-point, but no concrete action has so far been taken to redress the long standing Indian grievance.

3. In view of the magnificent part played by Indian troops during the last war and the fact that Indians fought side by side with the Canadian soldiers, the Indian position has become still more incongruous than it was in 1921

by the continuance of the old disabilities. Men who can be regarded as suitable comrades in arms should deserve to be treated as comrades in civil life. This position has been recognised by the United States of America by enacting recently legislation, which makes provision not only for the grant of full citizenship rights to Indians, but also permits Indian immigration into the United States of America on a quota basis.

4. It is now understood that in British Columbia an Elections Act Committee has been set up by the Legislature to consider the provisions of the Provincial Elections Act. The Committee are expected to make their recommendations very soon for discussion at the next session of the British Columbian Legislature in February, 1947. The Government of India would, therefore, urge upon the Dominion Government the desirability of persuading the British Columbian Government to avail of the present opportunity and take steps to confer franchise on the small Indian community in that Province and thus rectify the present anomalous position which is a source of humiliation to Indians.

I have etc.

A. V. PAI

865.

DEA/1617-A-40

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

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

CONFIDENTIAL

Ottawa, December 20, 1946

My dear High Commissioner,

Last year and in 1944 we had some correspondence with your predecessor regarding the exchange of High Commissioners between Canada and India. I think the last communication was Mr. Wrong's letter to Mr. Malcolm MacDonald of November 5, 1945. In this connection, the Government of Canada have appointed Mr. John Doherty Kearney, M.C., K.C., as High Commissioner for Canada in India.

Mr. Kearney is at present our Minister in Norway and Denmark. Prior to that appointment he was High Commissioner for Canada at Dublin.

We have informed the Government of India that we propose to announce Mr. Kearney's appointment on Monday next, December 23rd, at 6.00 p.m. Ottawa time. It is our understanding that the Government of India desire to reciprocate by appointing a High Commissioner in Canada. We have suggested that, in making a simultaneous announcement of Mr. Kearney's appointment, the Government of India may wish to include a reference to their desire to reciprocate.

I should be grateful if you would regard the information of Mr. Kearney's appointment as confidential for the time being.

Yours sincerely,

L. B. PEARSON

866.

DEA/1617-A-40

*Le secrétaire d'État aux Affaires extérieures à Foreign, New Delhi, India<sup>1</sup>*

*Secretary of State for External Affairs to Foreign, New Delhi, India<sup>1</sup>*

TELEGRAM

Ottawa, December 23, 1946

IMMEDIATE. Following for member-in-charge, Commonwealth Relations Department. Begins: I am glad to learn from Mr. Ahuja, India Government Trade Commissioner, Toronto, that our proposal for reciprocal exchange of High Commissioners is agreeable to the Government of India. Our approach through Mr. Ahuja was official and I have received with much pleasure your intimation through him that the Government of India intend to appoint a High Commissioner in Canada as soon as possible.

Accordingly our announcement of the appointment of Mr. John Doherty Kearney will be made at 6.00 p.m. Ottawa time, today, December 23rd. I will telegraph later information regarding the approximate date of Mr. Kearney's arrival in India. As you know he is still in Oslo and it may be some time before he can arrive at his new post. Ends.

## SECTION C

### IRLANDE/IRELAND

867.

DEA/72-ZU-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire d'Irlande*

*Secretary of State for External Affairs to High Commissioner of Ireland*

No. 2

Ottawa, January 7, 1946

Sir,

I have the honour to refer to your note of January 27th, 1945, in which you informed us that the Irish Government would be willing to participate in consultations and discussions relative to the operation of air transport services over the North Atlantic, and to negotiate an agreement with the Gov-

<sup>1</sup> Le télégramme fut adressé ainsi afin de parvenir à la section («Foreign Department» ou «Foreign Office») du Gouvernement de l'Inde qui s'occupait des relations extérieures. À cette date, cette section avait deux sous-sections, le département des Affaires extérieures et le département des Relations avec le Commonwealth.

<sup>1</sup> The telegram was addressed in this way in order to reach the section ("Foreign Department" or "Foreign Office") of the Government of India which was responsible for external relations. At this time, this section had two sub-sections, the Department of External Affairs and the Department of Commonwealth Relations.

ernment of Canada of the nature envisaged in Recommendation VIII of the Final Act of the International Air Conference at Chicago.

The Canadian Government's plans for trans-Atlantic air services have now been developed to a point where we feel that discussions can usefully take place. We would be pleased to receive an indication of rights required in Canada by the Government of Ireland for international air services, and also such rights as your Government would be prepared to grant us in Ireland.

So far as the Government of Canada is concerned, we would be prepared to grant full terminal rights in Canada and we would appreciate learning what traffic rights the Irish Government could grant in return. I should like to point out that for the time being we do not contemplate operating a special service to Ireland, but would hope to carry Irish traffic in available space on the present commercial service between Canada and the United Kingdom.

I have etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

868.

W.L.M.K./Vol. 241

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] October 30, 1946

I am enclosing a copy of a communication which I have received from the High Commissioner for Ireland, relative to the appointment of Judge Turgeon as our new High Commissioner in Dublin. Mr. Hearne expresses the pleasure of his Government at the appointment, and then, on instructions, raises the question of the official title of the appointee. He suggests that we should abandon the title "High Commissioner" as a relic of Colonial times, and that Mr. Turgeon should be designated either (1) Ambassador, or (2) "Canadian Representative" or "Representative of Canada".

Mr. Hearne's Government feel that either of the above titles would be not only more appropriate than High Commissioner, but would also make it easier for the Irish Government to give the Canadian representative the degree of ceremonial honour that they now give non-Commonwealth representatives. Mr. Hearne also points out that the recently appointed Irish representative to Canberra has, by agreement with the Australian Government, been designated "Minister Plenipotentiary of Ireland in Australia."

We have, however, heard from our Acting High Commissioner in Dublin that, if the proposed change is unacceptable to us, the Irish Government will not insist on it.

My own view is that the title "Ambassador" is out of the question at this time, but that there is much to be said for accepting the Irish proposal that the High Commissioner be called "The Representative of Canada in Ireland".<sup>1</sup>

In the past, when the designation "High Commissioner" has been criticized, we have taken the position that we could not change it in one part of the Commonwealth without, at the same time, changing it everywhere else, and also that we should not make such a change without consulting other parts of the Commonwealth. I do not think that either of these arguments is necessarily conclusive. As to the first, if we feel "Representative" a better title than "High Commissioner", we could call all our representatives by that name. Certainly in connection with any first appointment to India, "Representative" might be more suitable than "High Commissioner", nor is there likely to be any objection from South Africa if we should later wish to make a change there; or, indeed, from Australia, in view of the action which they have just taken with regard to the Irish appointment.<sup>2</sup>

As to the second objection, there is not, I believe, any actual obligation to consult. When the United Kingdom made their first appointment to Dublin, Sir John Maffey was called "Representative", and there was no prior consultation with other parts of the Commonwealth, nor was there consultation in the case of the Australian appointment referred to above. However, if we are making changes of this kind, possibly we should tell the United Kingdom authorities in advance.<sup>2</sup>

It might also be argued, by certain groups in Canada, that this change of title was a further step in the breaking of Commonwealth ties and traditions.<sup>3</sup> On the other hand, there are many Canadians who would approve the change, while I doubt, myself, that the transition from "High Commissioner" to "Representative" would really cause much general concern.

Arising out of the suggested change of title, Mr. Hearne has also made a request that, when Mr. Turgeon came to Dublin, he might present a letter which would serve as credentials. This need not, of course, be in the form used for presentation to heads of foreign states, but could be a letter from the Secretary of State for External Affairs to the Minister of External Affairs in Ireland. I do not see any particular objection to this; in fact, it might be done with the change of title if it would give the Irish Government any satisfaction.<sup>2</sup>

My own feeling is that we might agree to the Irish proposal that our High Commissioner should be called "Representative of Canada in Ireland" and that consideration might be given to a similar change in the title of our representatives in other parts of the British Commonwealth.<sup>1</sup>

L. B. PEARSON

<sup>1</sup> Note marginale:

I agree. W. L. M[ACKENZIE] K[ING] 2-11-46

<sup>2</sup> Note marginale:

I agree. W. L. M[ACKENZIE] K[ING]

<sup>3</sup> Note marginale:

nonsense

## [PIÈCE JOINTE/ENCLOSURE]

*Le haut commissaire d'Irlande au sous-secrétaire d'État  
aux Affaires extérieures*

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

250/5

Ottawa, October 28, 1946

Dear Mr. Pearson,

I duly received your letter of the 23rd October† in which you were so good as to inform me that the Canadian Government have nominated Mr. Turgeon as the new Canadian representative in Ireland. Please accept my sincere thanks for letting me know of this appointment at the same time as you did the Acting Canadian High Commissioner in Dublin.

Since receipt of your letter I have been instructed to inform you that the Irish Government are grateful to the Government of Canada for appointing so distinguished a Canadian as Mr. Turgeon to the Dublin post. I am to add that Mr. Turgeon is assured of a very warm welcome to Ireland.

I have also been instructed to approach you on the question of the official title of your new representative.

As you are aware, Dr. Thomas J. Kiernan, former Irish Minister to the Holy See, has recently been appointed to Canberra as head of our first Mission there. Dr. Kiernan presented Ministerial credentials to the Australian Government and the Australian Government agreed that his title should be "Minister Plenipotentiary of Ireland in Australia".

The title "High Commissioner" is a colonial title and in practice its application to Commonwealth representatives has had the effect of relegating them to a place lower in prestige and public estimation than non-Commonwealth representatives, whereas the logic of the situation is that they should have the special status of Ambassador. These considerations have special force in Ireland where it has long been felt that the continuance of colonial forms, which are utterly inappropriate to the facts of free association place an undue strain on the Commonwealth relationship. The title of "High Commissioner" is such a form.

The Irish Government feels, moreover, that Commonwealth representatives in Dublin should be received with at least the same degree of ceremony and honour as non-Commonwealth representatives, namely, a formal reception in Dublin Castle, mounted escort, exchange of speeches, salute, etc. This implies some form of credentials and it is suggested that a form of letter similar to that which Dr. Kiernan presented at Canberra might be appropriate. I have not yet received a copy of Dr. Kiernan's letter. It is, I understand, on its way to me by airmail. I shall send you a copy the moment it arrives.

I am sure you will agree that the more we desire to emphasise the special relationships between our countries the more anxious we should be to remove the anomaly whereby non-Commonwealth representatives are received with

dignity and honour while the arrival of Commonwealth representatives is given no appropriate official notice and formality. Public opinion in Ireland inevitably tends to rate the importance of Commonwealth representatives, and, indeed, the whole Commonwealth relationship, accordingly.

I am, therefore, to request you to agree to a change in the title of the Canadian representative in Dublin. My Government feels that, whatever his title in his home service, Mr. Turgeon should in Ireland have the title of "Ambassador", or, at least, that of "Canadian Representative" or "Representative of Canada". Sir John Maffey's official title is, as you are aware, that of "British Representative". I am to express the earnest hope that the change suggested will be agreeable to the Government of Canada and that the head of the Canadian Mission in Dublin should be received with full diplomatic ceremonial which has now been resumed after suspension during the war.

Yours sincerely,

JOHN J. HEARNE

869.

W.L.M.K./Vol. 241

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] November 2, 1946

DESIGNATION OF CANADIAN REPRESENTATIVE IN DUBLIN

The United Kingdom High Commissioner saw me yesterday and expressed a hope that we would continue to call our representative in Dublin "High Commissioner". They themselves had only accepted the designation "Representative" with great reluctance as an unsatisfactory compromise, and one which they would like to alter to "High Commissioner" on their next appointment. Sir Alexander agreed that "Representative" did not have the diplomatic implications of "Ambassador" or "Minister". He thought that if we changed to the latter there was an obligation to consult within the Commonwealth as it would signify a change in Commonwealth relations.

The Irish High Commissioner telephoned this morning to say that the actual title now being used by their Representative in Australia was "Minister Plenipotentiary, Representative of Ireland in Australia". Apparently the Australian Representative in Dublin is still known as a High Commissioner although I gather the Irish are trying to get this changed. Mr. Hearne thought that in view of the Australian precedent it might be desirable to designate our Representative as "Ambassador, Representative of Canada in Ireland".

This is a rather tiresome business, and I hope that it will not be permitted to hold up the announcement of our five or six appointments which we will

be able to make next week. I talked about this matter to Mr. St. Laurent yesterday and he agreed with me that rather than do anything to necessitate this delay, it might be better

(a) to appoint Mr. Turgeon as High Commissioner, and

(b) to tell the Governments of the Commonwealth at the same time, and possibly make a public announcement, that we were suggesting an informal meeting of Commonwealth Representatives to go into the whole question of the designation and status of Representatives within the Commonwealth itself.<sup>1</sup>

L. B. PEARSON

870.

DEA/3011-A-40

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire par intérim en Irlande*

*Secretary of State for External Affairs  
to Acting High Commissioner in Ireland*

TELEGRAM 76

Ottawa, November 8, 1946

CONFIDENTIAL. Reference my telegram No. 71 of October 23rd† concerning appointment of Turgeon.

1. High Commissioner for Ireland in Ottawa has expressed his Government's pleasure at the appointment and also raised the question of the official title. Irish Government, through their H[igh] C[ommissioner] here, suggested Turgeon be designated either (1) Ambassador or (2) Canadian Representative or Representative of Canada. High Commissioner pointed out that (1) Sir John Maffey's official title is "British Representative" and (2) Dr. T. J. Kiernan had presented Ministerial credentials to Australian Government and latter agreed that his title should be "Minister Plenipotentiary Representative of Ireland in Australia."

2. After careful consideration it was agreed here that rather than delay the announcement of our five or six appointments (press speculation was increasing and becoming embarrassing) and in view of the desirability of generalizing change of title if such a change is desirable, we would appoint Turgeon with the title of High Commissioner while indicating at the same time that the whole question of High Commissioners' titles and status was to be reconsidered and that we might suggest at an early date a Commonwealth discussion of this matter. An important factor in this decision was

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

This is the preferable course in view of an objection being raised by Br[itish] Gov[ernment].t. W. L. M[ACKENZIE] K[ING] 2-11-46 (after preceding memo)

your statement of the Irish Government's decision that if the proposal for a change was unacceptable, Ireland would not insist.

3. At Press Conference yesterday, Prime Minister, after announcing appointments including that of High Commissioner to Ireland, said High Commissioner was not a completely satisfactory title as in many cases people bearing this title were sent here, for instance, by U.K. on special missions to Africa or some place of that sort, in order to discharge a particular function, without being governmental representatives on the same basis as diplomatic representatives. This led to certain amount of misunderstanding and it might be desirable for some new term to be used such as "Representative of the Canadian Government" or something of the sort. Prime Minister particularly stressed fact that post of Ambassador is not in any sense superior to that of High Commissioner. Canadian High Commissioner in London is in every way as important a representative abroad as we have—perhaps more important than any other. From this it should be clearly realized, the Prime Minister continued, that the move of Mr. Turgeon from Ambassador to High Commissioner was not in any degree or in any way a move to a lesser rank. In expressing doubts about the title of High Commissioner, the Prime Minister said it was a problem for all Commonwealth countries. Hence, it was felt unwise to make any unilateral change in title at the present time. Prime Minister said an opportunity would be sought to have the matter discussed at some time in the near future.

4. We are considering what would be the most effective means of making this whole matter a subject of informal Commonwealth discussion, possibly in London.

871.

DEA/3011-A-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire d'Irlande*

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

Ottawa, November 8, 1946

Dear Mr. Hearne,

With reference to your letter of November 2nd† and our recent telephone conversations, a telegram has been sent to our Acting High Commissioner in Dublin on the appointment of a new High Commissioner. In that telegram reference is made to the suggestions made by your Government, through you, that Mr. Turgeon should be designated by some other title than High Commissioner, for the reasons which you indicated in your letter of October 28th.

This whole question was given careful consideration both here and by the Secretary of State for External Affairs in New York. It was felt, however, that any change in title of Canadian representatives in other parts of the Com-

monwealth should be made general, and not restricted to any particular post; that, therefore the title of High Commissioner should be retained in Dublin for the time being.

As you know, a change in the official title of Commonwealth representatives raises not only constitutional problems but possibly legal and conventional ones as well. A unilateral change in the title might also involve different treatment being accorded to the representative of Ireland in Canada. For these and other reasons it is our desire to give the matter further consideration before making a change, and, in any event, to make any such change applicable to all posts. You will note from the statement made by the Prime Minister at his press conference yesterday that an opportunity would be sought to have the question discussed at some time in the near future. The possibility of having an informal meeting of Commonwealth representatives for this purpose is being explored, and the whole question will, I hope, be the subject of further correspondence.

Yours sincerely,

L. B. PEARSON

P.S.: I am sending you a further communication† in the near future regarding the procedure followed in respect of this appointment, concerning which you expressed yourself so emphatically on the telephone yesterday.

872.

DEA/3011-A-40

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

CIRCULAR D. 465—SAVING<sup>1</sup>

London, November 19, 1946

We have recently considered the question of the proper style to be accorded to High Commissioners representing one country of the British Commonwealth in another such country. Various suggestions have been made in the past but hitherto all have been felt to present certain difficulties.

We have come to the conclusion that the best course would be to adopt for High Commissioners the designation "His Excellency the High Commissioner for . . ." which is now universally accorded to diplomatic Ambassadors and Ministers. The title "His Excellency" as applied to an Ambassador is of very long historical tradition and its application to Ministers of foreign countries also is a recent development for which the King's approval was obtained a few years ago. Its application to High Commissioners would, therefore, similarly be subject to His Majesty's approval.

We shall be very ready to take action accordingly so far as concerns High Commissioners in London, but in the first instance we should be glad to know

<sup>1</sup> Ceci indique que le message a été envoyé par valise diplomatique. Le message est parvenu à Ottawa le 26 novembre.

<sup>1</sup> This indicates that the message was sent by diplomatic bag. The message was received on November 26.

the views of other British Commonwealth Governments on this suggestion. If it is generally regarded as acceptable, the best procedure for obtaining the King's approval would appear to be that each of His Majesty's Governments should submit for His Majesty's approval the style to be accorded to High Commissioners for other Commonwealth countries stationed at its capital.

The matter would seem to be one for concerted action, and it would therefore be desirable that no Government should take action of this kind until it has been ascertained that the proposal meets with general approval. We shall accordingly await the views of the other Governments concerned before taking any further steps.

873.

DEA/3011-A-40

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

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

SECRET

Ottawa, November 28, 1946

Dear Norman [Robertson],

Your efforts to avoid attending a conference in London on the titles and status of High Commissioners are understood. Our efforts to avoid a similar conference here will, I am sure, be equally understood by you. It has occurred to us that possibly the best procedure would be to have a preliminary meeting here of an informal and exploratory character, after which we can decide where the more formal talks will be held. For that purpose, I will be asking the High Commissioners to meet me next week, after which I will report to you again on the subject. I am enclosing a copy of a letter of November 25th from Clutterbuck† inquiring about the arrangements for the more formal exchange of views on this subject together with a copy of my letter in reply,‡ in which I suggest that decisions with regard to these arrangements might wait until after our preliminary talk in Ottawa. Meanwhile, I am sending you herewith a memorandum which Charles Ritchie has done on the subject and which will be of interest to you.

You will have noted that the British have launched a diversionary attack on what they no doubt consider to be the High Commissioners' weakest flank, by suggesting that all troubles will be over if they can be given the title "Excellency". This is, I know, a solution which will particularly appeal to you, but I doubt if it will avoid the main engagement. I hope you will fight as hard for your status and prestige as an "Excellency" as you would as plain "Mister".

Yours sincerely,

MIKE [PEARSON]

## [PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du chef, la première direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

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

SECRET

[Ottawa,] November 27, 1946

## OFFICIAL TITLE OF COMMONWEALTH REPRESENTATIVES

Presumably, the view of the Department is that the title and status of Commonwealth representatives should gradually be assimilated to those of diplomatic representatives of other countries. With this eventual objective in mind, there appear to be at least three possible alternatives.

1. The adoption by all Commonwealth countries of the title "Representative" instead of "High Commissioner." It cannot be said that this in itself would be a very significant change. It would have the advantage of getting rid of a clumsy title which often causes misunderstanding. This change might be coupled with raising the precedence of Commonwealth representatives to that of "Minister" or even "Ambassador".

2. The title "representative" might be adopted and the personal rank of minister or ambassador might be given to the representative. This appears to be the arrangement adopted by Eire in appointing their new representative to Canberra. The representative would, so far as his own government is concerned, have the rank of Minister but would not be treated as a Minister by the government to which he was accredited. It is a little difficult to see the advantage of this uneasy compromise. We have been informed by Sir Alexander Clutterbuck that there is no question of a new Irish representative to Canberra being accepted as Minister or Minister Plenipotentiary by the Australian Government.

3. Commonwealth representatives might be assimilated now to the ranks of other diplomatic representatives. It appears to our view, however, that this step would be premature at the present time. In your memorandum of October 30th, you state in connection with the appointment of our representative to Eire that "My own view is that the title "Ambassador" is out of the question at this time." The Prime Minister has initialled his agreement to this paragraph in your memorandum. Mr. King, however, has, at his press conference on November 7th, stated that it might be desirable for some new term to be used such as "Representative of the Canadian Government or something of the sort."

Mr. Robertson has suggested that in the event of conversations on this subject with the United Kingdom Government and the other Commonwealth governments, the United Kingdom would probably be prepared to raise the precedence of Commonwealth representatives and even to use another style rather than High Commissioner but that they would "be disposed to maintain

the badges which distinguish intra-Commonwealth representatives from diplomatic representatives generally." In these circumstances, it may well be that full dress Commonwealth discussion at this time would not obtain the objects which we have in view. The United Kingdom would take a strong stand against any tendency in the direction of the assimilation of intra-Commonwealth representatives to other diplomatic representatives, while Ireland would, no doubt, argue strongly in favour of such a development in the immediate future. An awkward situation for other Commonwealth governments might thus arise. We might find that the discussion had ceased to be a debate on the merits of certain common sense changes of style and precedence for intra-Commonwealth representatives and that a question of principle had arisen. It is quite likely that both the United Kingdom Government and the Government of Eire would be prepared to make something of an issue of this question which might then assume proportions out of keeping with its intrinsic importance.

It is suggested that it might be desirable, in the first instance, to have a preliminary meeting of the Commonwealth High Commissioners in Ottawa with the Under-Secretary of State to explore this whole question. This is the more desirable as we have no very clear indication of where the governments of Australia, South Africa and New Zealand stand in the matter.

If this course is approved, the High Commissioner in London should be informed.

874.

DEA/3011-A-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire désigné en Irlande*

*Under-Secretary of State for External Affairs  
to High Commissioner Designate in Ireland*

Ottawa, December 23, 1946

Dear Mr. Justice Turgeon,

On your arrival in Dublin, the Irish authorities will expect you to present the equivalent of a Letter of Credence as a token of recognition of their desire to accord to Commonwealth Chiefs of Mission the formal courtesies which are generally, in Commonwealth countries, reserved for Ambassadors and Ministers Plenipotentiary.

I do not think we are yet ready to go as far as the Irish in regard to the title and status of High Commissioners, but in order to meet them, so to speak, half-way, I am sending to you, with this covering note, a letter addressed to the Prime Minister and Minister for External Affairs at Dublin. It is signed by the Secretary of State for External Affairs. The enclosed letter does not mention the word "credence", but it is a close approximation of

the letter which Mr. de Valéra gave to Dr. Joseph Thomas Kiernan when he left Dublin in August to represent Ireland in Australia.

Yours sincerely,

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

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

*Secretary of State for External Affairs to Prime Minister  
and Minister of External Affairs of Ireland*

Ottawa, December 23, 1946

Sir,

I have the honour to inform you that the Canadian Government have appointed the bearer of this letter, the Honourable W. F. A. Turgeon, Member of the King's Privy Council for Canada, as High Commissioner for Canada in Ireland.

I am fully confident that by his personal qualities and his long diplomatic experience, Mr. Turgeon is eminently fitted for the mission entrusted to him. In this confidence, I commend Mr. Turgeon to you, and, on behalf of the Government of Canada, I ask you to afford him every co-operation and assistance for the fulfilment of his high mission in strengthening the friendly relations which have always existed between our two countries.

I have etc.

LOUIS S. ST. LAURENT

#### SECTION D

##### ANTILLES/WEST INDIES

875.

DEA/72-RT-40

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

TELEGRAM 332

Ottawa, August 10, 1946

Following for Lord Winster, U.K. Minister of Civil Aviation from the Right Honourable C. D. Howe, Minister of Reconstruction and Supply. Begins: You will recall the discussions which we had in Bermuda last December on the question of a Canadian air service to Bermuda and the Caribbean area. Our understanding was that following these discussions the U.K. government would undertake to obtain the necessary permission from Trinidad, Jamaica, Bahamas and Bermuda.

The last official word which we received from the United Kingdom through diplomatic channels was to the effect that the necessary legislative clearance had been obtained in Trinidad and Jamaica and that as soon as Bermuda and the Bahamas had granted clearance we could proceed with the bilateral agreement. Subsequently we have been informed directly from Bermuda that clearance has been given and it is my understanding, based on private communications† from the Bahamas, that no difficulty exists there either.

As you may imagine, we are under considerable pressure from the islands to initiate air service at the earliest possible date and we are anxious to start the operation as soon as circumstances may permit. I have received a direct communication from Bermuda† requesting us to arrange for discussions for the conclusion of a bilateral agreement with the Bermuda Trade Development Board. It had been my understanding, however, that the necessary rights for the Canadian government in all the islands would be provided through a single bilateral agreement between Canada and the United Kingdom government, rather than by four separate agreements negotiated directly by Canada with the four different colonies. We are, of course, prepared to follow any course which may be acceptable, and are in particular anxious to make immediate arrangements with Bermuda for the early establishment of a T.C.A. service.

Before, however, replying to the formal communication which I have received from Bermuda, I considered it desirable to consult further with you with respect to the course which we might follow, having in mind the various circumstances referred to above. With best personal regards. Ends.

876.

DEA/72-RT-40

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 137

London, August 24, 1946

Following for Mr. Howe from Lord Winster. Begins: Your telegrams Nos. 332 and 342.† I am sorry that I have been unable to send you an earlier reply to your message of the 10th August on subject of Canadian air service to Bermuda and the Caribbean area.

2. The conclusion of the Agreement on the lines discussed at Bermuda has involved reference to individual Colonies and discussions in local Legislatures, but I confirm that general clearance has now been obtained in Trinidad, Jamaica, Bermuda and Bahamas.

3. Certain Colonies have made detailed reservations. Main reservation is that made by the Bahamas which is prepared to waive reciprocity for three years only, and only subject to the proviso that the Canadians will operate a direct Montreal-Nassau service with a minimum capacity of forty seats per

week during the period from the 7th of January to the 7th of April of each of the three years in which reciprocity is waived.

4. The question of stop-over privileges requested on behalf of the Canadian air line has given rise to some difficulty and we hope that you would be prepared not to pursue this matter.

5. I confirm your understanding that rights for Canadian Government in all the Islands should be provided in single bilateral agreement between Government of Canada and Government of United Kingdom acting on behalf of Colonies concerned. Draft will be sent to you for your consideration through Secretary of State for Dominion Affairs. Meanwhile, we should be happy to see T.C.A. service start in advance of formal conclusion of agreement provided that you are willing to accept the conditions made by the Colonial Governments concerned and as soon as we have cleared with the United States the position over the use of Kindley Field.

6. Negotiations with the United States governing the commercial use of leased air bases (including of course Kindley Field) are not yet concluded. I understand that the Secretary of State for Dominion Affairs will be communicating with your Government about this in the near future.

7. As regards your message of the 22nd of August,† His Majesty's Government have already informed the Bermuda Government that the conditions on which the Canadian air service will operate to and through Bermuda and the other Colonies concerned, will be embodied in a single agreement between the United Kingdom and Canadian Governments and not in a series of Agreements with each Colonial Government concerned. We hope, therefore, that you will not conclude a separate agreement with the Bermuda Government though there is, of course, no objection to your discussing with that Government detailed questions relating to the operation of the service to and through Bermuda. My best wishes. Ends.

877.

DEA/10407-40

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

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

Ottawa, October 17, 1946

My dear Colleague,

As you know, the 1926 West Indies Trade Agreement provided for the payment by the Colonies concerned of subsidies of varying amounts towards the maintenance of the Canadian National (West Indies) Steamship service between Canada and the said Colonies.

During the war years the Canadian National were unable to give the service contemplated by the Agreement, because some of the ships became war

casualties or were requisitioned by the Government. Following representations by certain of the Colonies some of the subsidies were either substantially reduced or discontinued.

The following table shows the amounts payable under the Agreement and the present position:

	<i>Amount Under Agreement</i>	<i>Present Payments</i>
<i>Eastern Service</i>		
Bermuda	£1500	Discontinued 1942
Leeward Islands	2000	£2000
Dominica (a)	500	Reduced in 1945 to £250
Barbados	5000	£5000
Windward Islands	2500	Reduced in 1944 to £1250
Trinidad	7500	£7500
British Guiana	8500	Reduced in 1945 to £850
<i>Western Service</i>		
Bermuda	2000	Discontinued in 1942
Bahamas	2000	Reduced to £1000 for 1942 and discontinued since then.
Jamaica	12000	£12000
British Honduras	2000	Subsidy payable in 1946 waived Nov. 17, 1945

- (a) When the Canada-West Indies Trade Agreement went into effect Dominica formed a part of the Leeward Islands Group, but in recent years—for political and customs purposes—they have become affiliated with the Windward Group and a separate contribution has been made by that Island.

I have just received a letter† from Mr. R. C. Vaughan, Chairman and President of the Canadian National Railways, in which he states that their operating costs have increased very materially since the war, and that these costs cannot be met with the present contributions. He points out that the service to the so-called Eastern Group of Islands will certainly be very materially improved within the next six months or so because by that time they will have in operation the three new diesel vessels and also, it is to be hoped, the refitted *Lady Nelson* and *Lady Rodney*. These three diesels are modern vessels and will provide a much better and faster service than was possible with the older so-called "Vagabond" ships. Attached is a copy of the tentative schedule† upon which it is proposed to operate the fleet as it will exist next Spring.

In the circumstances Mr. Vaughan feels that the time is now opportune to acquaint the various West Indies Islands with the views of the Steamship Management concerning the restoration of these contributions.

Dealing first with the Eastern Service, the Management are of the opinion that all of these Islands should pay the amount set forth in the Trade Agreement. In the case of the Leeward Islands, the Barbados and Trinidad, this

would mean continuing the existing contributions of £2000, £5000 and £7500, respectively, and changes with respect to the other Islands as follows:

Bermuda	— Restore the contribution of £1500 which has been discontinued since 1942.
Dominica	— Increase its contribution from £250 to £500.
Windward Islands	— Increase from £1250 to £2500.
British Guiana	— Increase from £850 to £8500.

As to the Western service, the Management are not able to give these Islands the service which they enjoyed prior to the war, and the Bahamas—and Bermuda with respect to the Western service—may oppose the suggestion that there be a full restoration of the treaty contributions. The Management consider, however, that both the Bahamas and Bermuda should be asked to contribute at least 50% of the former amounts. As each Colony was obligated to pay £2000, this would mean a contribution of £1000 from each.

Mr. Vaughan is hopeful that Jamaica will continue its present contribution of £12000, and he thinks it would be as well if this was not brought up at the present time. A fortnightly freight service is now being operated to that Colony and if conditions warrant this may possibly be increased to a twelve-day service from Halifax during the winter months. Having only two passenger vessels and these being slated for the Eastern service, the Company is unable to maintain a passenger service to Jamaica or a banana service northbound.

Regarding British Honduras, there is little possibility of service being resumed, and the Management are of the opinion that further contributions should not be required of that country. As shown in the table above, the subsidy payable by British Honduras in 1946 was waived on November 17, 1945.

Mr. Vaughan understands that the Bermuda House of Assembly recently sent a message to the Governor suggesting that the Canadian Government be approached with the proposal that it call another conference to discuss the subject of the renewal of the Canada-West Indies Trade Agreement with all the Islands interested. He appreciates that the question of whether there should be such a conference is one of Government policy, but he does think that the views of the Steamship officials as to what they feel to be the inadequacy of the present payments should be brought to the attention of the Colonies concerned and he asks if such action might be considered by the Government.

Mr. Vaughan stresses that the steamship service has been maintained with considerable difficulty, and that during the war they had over thirty vessels in operation. He believes that the Canadian National (West Indies) Steamships were a useful implement in keeping contact between the West Indies

and the Dominion, and mentions that they were largely the means of keeping the islands fed during the war and that they also kept Canada supplied with sugar, molasses, etc.

I thought I should place Mr. Vaughan's views before you, and perhaps you may think it advisable to draw them to the attention of the Minister of Trade and Commerce.

Yours sincerely,

LIONEL CHEVRIER

878.

DEA/10407-40

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

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

DESPATCH 1602

London, October 24, 1946

Sir,

I have the honour to refer to previous correspondence concerning subsidies payable by certain of the West Indian Colonies under the terms of the Canada-West Indies Trade Agreement. In particular, I draw your attention to your telegram No. 390 of the 13th February, 1945, in which you communicated the agreement of the Canadian Government to a reduction in the steamship subsidy payable by British Guiana for 1945 from £8,500 to £850.

2. I have now been informed by the Dominions Office that the Governor of British Guiana has approached the Secretary of State for the Colonies enquiring whether the Canadian Government would agree to the payment of the Colony's subsidy for 1946 at the reduced rate of £850. I have been requested to ascertain whether the Canadian Government would be willing to continue for the present year to extend to British Guiana the concession which they granted in 1945.

3. I have also been informed that the Secretary of State for the Colonies has received an enquiry from the Governor of the Bahamas whether any information is yet available as to the date by which the prewar service would be resumed by the Canadian Government. The Governor has stressed the importance of the service to the Colony's food supply. I should be very grateful for any indication which you may be able to give me as to the probable date of resumption of the service.

I have etc.

N. A. ROBERTSON

879.

DEA/10407-40

*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*

Ottawa, November 5, 1946

Further to my letter of October 22† on the question of the restoration of certain subsidy payments by the West Indian Colonies towards the maintenance of the steamship services provided by the Canadian National Steamships between these Colonies and Canada, I now enclose a copy of despatch No. 1602 of 24th October, from our High Commissioner in London on this subject.

You will note that in paragraph 2 of the attached despatch the Dominions Office has enquired whether the Canadian Government would agree to the payment of the British Guiana subsidy for 1946 at the reduced rate of £850. In view of the proposals which have been made by Mr. R. C. Vaughan, Chairman and President of Canadian National Railways, for the restoration of the subsidy payments by certain of the West Indian Colonies. I should be glad to receive your comments on this matter. I might add that I am also asking the Departments of Transport and Finance for their views.

With regard to the inquiry concerning the steamship service to the Bahamas contained in paragraph 3 of this despatch, I should appreciate your placing me in a position to reply to our High Commissioner on this point.

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

880.

DEA/10407-40

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

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

TELEGRAM 2173

Ottawa, December 19, 1946

IMMEDIATE. Reference your telegram No. 2349 December 7, 1946.†

1. We are confident that £850. for year 1946 only, from British Guiana will be acceptable. For your own information question of payments for 1947 from all Colonies affected is now under consideration of Inter-Departmental Shipping Committee on basis of 1947 service to be rendered in relation to our obligations under the West Indies agreement.

2. It is not possible at this stage to say when pre-war service to Bahamas will be resumed. For 1947, however, it is intended to maintain fortnightly freight service from Montreal in summer and Halifax in winter, to Bermuda, Nassau and Kingston, Jamaica, returning direct from Kingston to Montreal in summer, and to Maritime port or ports in winter.

3. We do not expect resumption of Belize-Jamaica service in near or distant future. For your own information, even if vessels were available, Canadian National Steamships would be most reluctant to resume a service which has always been a losing proposition. We very much hope we shall not be required to resume the service in fulfilment of our commitment under the West Indies agreement.

CHAPITRE XI / CHAPTER XI

RELATIONS AVEC LES ÉTATS-UNIS  
RELATIONS WITH THE UNITED STATES

PARTIE 1 / PART 1

EAUX LIMITOPHES / BOUNDARY WATERS

881.

DEA/8010-40

*Le sous-ministre de la Reconstruction et des Approvisionnements  
au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Reconstruction and Supply  
to Under-Secretary of State for External Affairs*

Ottawa, January 21, 1946

Dear Mr. Robertson,

ATTENTION: MR. E. R. HOPKINS

RE: POLLUTION OF THE DETROIT AND ST. CLAIR RIVERS  
AND LAKE ST. CLAIR

This will acknowledge yours of the 15th<sup>†</sup> instant re above. I do not think this department would be justified in demanding changes in the manufacturing processes of the Polymer Corporation until an investigation has established that the situation demands such action. My understanding is that there is at present no proof that the contamination complained of by the city of Detroit originates wholly, or principally, from the operations of the Corporation or, indeed, that it all comes from the Canadian side of the boundary.

The matter is now before the International Joint Commission which, I believe, proposes to undertake an investigation very shortly. The Commission would hold hearings, which would bring to light all the facts of the case in an impartial way. This department is of the opinion that the proper procedure is to await the Commission's report.

Yours faithfully,

V. W. SCULLY

882.

DEA/8010-40

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

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

No. 24

Ottawa, February 15, 1946

Excellency,

I have the honour to refer to the proposal which you have submitted for a joint reference to the International Joint Commission to deal with the reported pollution of waters of the St. Clair River, Lake St. Clair, and the Detroit River.

After consultation with the International Joint Commission at the October meeting in Ottawa, and at a subsequent meeting held in Washington on October 19, the matter was discussed with the Legal Adviser of the State Department.

The International Joint Commission, in the course of the consultation with regard to the terms of reference, had raised the question as to whether it was desirable for the governments to proceed with the completion of the negotiation of a special convention dealing with pollution of boundary waters and waters crossing the boundary.

It will be remembered that a reference was made to the International Joint Commission in 1912 and that extensive studies were carried out under the supervision of the Commission during the years 1913-1918. A final report of the Commission was made on April 12, 1918 and, among the recommendations, was one that it was advisable to confer upon the Commission jurisdiction to regulate and prohibit pollution of boundary waters and waters crossing the boundary. In 1919, the two governments requested the International Joint Commission to prepare a draft convention. A draft was submitted to the governments in 1920 and was the subject of negotiations during the next eight or nine years.

In the course of the consultations, both at Ottawa and at Washington, it became clear that it was desirable that the governments should give further consideration to the matter, and, accordingly, studies are being made of the draft convention and it is likely that further discussions will take place between the two governments in the course of the next few months.

In the meantime, it seemed to be desirable to go ahead at once with the proposed reference dealing with the St. Clair River, Lake St. Clair, and the Detroit River.

There seems to be general agreement that it will be desirable to extend the scope of the Reference to cover other parts of the Great Lakes System and the International Section of the St. Lawrence River. It was thought to be expedient, however, to confine the immediate reference to the waters of the St. Clair and Detroit Rivers and Lake St. Clair. It will be possible to

extend the scope of the Reference from time to time either by supplementary Letters of Reference under Article IX of the Convention, or by action under the new Convention if, in the meantime, it has been signed and brought into force.

Accordingly, a copy of the draft Letter of Reference† as submitted by you is enclosed, together with a draft Letter† intended to accompany the Letter of Reference, explaining the present situation to the Commission.

In the event that these meet with your approval, it should be possible to arrange for the presentation of identical Letters of Reference by the two Governments on an agreed date.

Accept etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

883.

DEA/8010-40

*Le secrétaire d'État aux Affaires extérieures au secrétaire,  
la Commission mixte internationale*

*Secretary of State for External Affairs to Secretary,  
International Joint Commission*

Ottawa, April 1, 1946

Sir,

I have the honour to advise you that the Governments of the United States and Canada have been informed that the waters of the St. Clair River, Lake St. Clair, and the Detroit River are being polluted by sewage and industrial wastes emptied into those waters. Having in mind the provisions of Article IV of the Boundary Waters Treaty signed January 11, 1909, that boundary waters and waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other side, the two Governments have agreed upon a joint Reference of the matter to the International Joint Commission, pursuant to the provisions of Article IX of said Treaty. The Commissioner is requested to inquire into and to report to the two Governments upon the following questions:

(1) Are the waters referred to in the preceding paragraph, or any of them, actually being polluted on either side of the boundary to the injury of health or property on the other side of the boundary?

(2) If the foregoing question is answered in the affirmative, to what extent, by what causes, and in what localities is such pollution taking place?

(3) If the Commission should find that pollution of the character just referred to is taking place, what measures for remedying the situation would, in its judgment, be most practicable from the economic, sanitary and other points of view?

(4) If the Commission should find that the construction or maintenance of remedial or preventive works is necessary to render the waters sanitary and suitable for domestic and other uses, it should indicate the nature, location, and extent of such works, and the probable cost thereof, and by whom and in what proportion such cost should be borne.

For the purpose of assisting the Commission in making the investigation and recommendations provided for in this Reference, the two Governments will, upon request, make available to the Commission the services of engineers and other specially qualified personnel of their governmental agencies, and such information and technical data as may have been acquired by such agencies or as may be acquired by them during the course of the investigation.

The Commission should submit its report and recommendations to the two Governments as soon as practicable.

I have etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

884.

W.L.M.K./Vol. 282

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

Ottawa, April 25, 1946

On 27th January, 1942, the International Joint Commission made an Order of Approval in the matter of the application of the City of Seattle for authority to raise the water level of the Skagit River approximately 130 feet at the international boundary between the United States and Canada.

It was a condition of this order that the water should not be raised beyond the height at which it would reach British Columbia unless and until a binding agreement had been entered into between the City of Seattle and the Government of British Columbia providing for indemnification of British Columbia and private interests in British Columbia for any injury that might be sustained by reason of the City's operations on the Skagit River.

Though no formal representations have yet been made by the City of Seattle it is understood that the City has attempted to negotiate with the Government of British Columbia. These attempts at negotiation have met with no success and the City has been given to understand that the Government of British Columbia is not prepared to enter into any agreement covering the flooding of lands in British Columbia.

The City of Seattle may possibly file a new application stating all the facts and requesting authority to raise the water level as originally planned.

This matter involves serious political considerations on both sides of the border which it is difficult to disregard.

You may wish to discuss this matter with the Premier of British Columbia when he is in Ottawa, and to let him have the attached letter† on the subject. If not, you may wish to make some observations concerning a more opportune moment for further discussions of this subject.<sup>1</sup>

N. A. R[OBERTSON]

885.

DEA/259-40

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

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

No. 521

Ottawa, June 20, 1946

Sir,

Under instructions of my Government I have the honor to inform you of the receipt by the Secretary of State of a letter from the Secretary of the Interior proposing reference to the International Joint Commission, established under the terms of the Boundary Waters Treaty between the United States and Great Britain of January 11, 1909, of a number of problems arising in connection with the distribution of waters of the international rivers along the Canadian boundary, particularly those which rise in the State of Montana.

My attention has been called to the report of the Canadian St. Mary and Milk Rivers Water Development Committee, appointed by Order-in-Council dated February 17, 1941, wherein a comprehensive plan was proposed, at an estimated cost of over \$15,000,000 based on pre-war prices, for increasing Canadian use of Canada's share of the water of the St. Mary River. An essential part of the plan, I understand, is to utilize the waters of the Waterton and Belly Rivers, both of which, like the St. Mary, are international rivers, rising in the Glacier National Park in Montana and flowing into the Oldman River in Alberta. Since these rivers have not been involved in earlier settlements of water disputes in that area, the Department of the Interior is of the opinion that a new situation has arisen which makes feasible and desirable a reopening of the question of the over-all division of the waters of the St. Mary-Milk River systems. Unless action on this matter is taken now it is maintained that the present Canadian plans will, if carried out, forever preclude the United States from obtaining its just share of the water available in the area. The opinion has also been expressed that more

<sup>1</sup>La note suivante était écrite sur ce mémorandum: <sup>1</sup>The following note was written on the memorandum:

Letter signed and delivered by hand to Chateau Laurier. 4/5/46 J. A. G[IBSON]

comprehensive planning will not only permit the claims of the United States to be met, but will also in fact provide more adequate supplies of water on the Canadian side. Such planning cannot at present be accomplished, as it would require activity on both sides of the border not now authorized.

In this connection, I am enclosing a copy of a memorandum† on this subject prepared from information supplied by the Bureau of Reclamation of the Department of the Interior. This memorandum outlines the history of the St. Mary issue and discusses in some detail the present situation. It will be noted that the further point is made that Canada stands to profit greatly by a proposed diversion of the waters of the Missouri into the basin of the Souris River which drains north into the Canadian Province of Manitoba. It would appear that Article III of the Boundary Waters Treaty of 1909 would require that this latter issue be referred to the International Joint Commission.

I have been instructed to say that my Government is of the opinion that it should be possible by joint action to work out a solution of these problems advantageous to Canada and to the United States, though obviously this cannot be done without authorization for an investigation and report on a broad basis.

Accordingly, I have been directed to inquire whether the Canadian Government is willing to refer the entire question to the International Joint Commission in accordance with the provisions of Article IX of the Treaty of 1909. In doing this, I have also been directed to submit the following tentative draft of terms of reference, for your consideration:

“In pursuance of Article IX of the Boundary Waters Treaty of January 11, 1909, between Great Britain and the United States, the Governments of the United States and Canada have agreed to refer to the International Joint Commission the following matters for examination and advisory report, including recommendations and conclusions, viz:

“(1) To conduct necessary investigations and to prepare a comprehensive plan or plans of mutual advantage to the two countries for the conservation, control, and utilization of the water resources which are of common interest along or in the vicinity of the international boundary from the Continental Divide on the west to and including the Red River of the North on the east. The engineering plans shall be formulated on the basis of physical conditions and other pertinent considerations without taking into account political boundaries, to the end that the most advantageous use of water may be attained.

“(2) In the event such comprehensive plan or plans are considered by the Commission to be mutually advantageous, desirable, and advisable, to make advisory recommendations concerning division between the two countries of the flow of said streams necessary to accomplish the comprehensive plan or plans and concerning allocation of the cost involved in the execution thereof.

“(3) To ascertain what change of levels or flows of said streams would result from construction of all or any part of the recommended plan or plans

and if deemed advisable, conditioned on adoption of said plan or any part thereof, to authorize or approve such change or changes in levels or flows, pursuant to the terms and conditions of Articles IV and VIII of the Boundary Waters Treaty of January 11, 1909.

“(4) 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 of the Bureau of Reclamation, United States Department of the Interior, together with 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.”

I should greatly appreciate receiving at an early date the views of your Government on this subject.

Accept etc.

RAY ATHERTON

886.

DEA/259-40

*Le ministère des Mines et des Ressources<sup>1</sup> au sous-secrétaire d'État  
aux Affaires extérieures*

*Department of Mines and Resources<sup>1</sup> to Under-Secretary of State  
for External Affairs*

Ottawa, June 29, 1946

RE ST. MARY AND MILK RIVERS

Referring to your letter of June 25th† requesting comment on Note No. 521 of June 20th from the United States Embassy, I would submit the following as a preliminary discussion.

Briefly the United States note draws attention to the Report of the Canadian St. Mary and Milk Rivers Water Development Committee in which it is proposed to utilize the waters of the Waterton and Belly Rivers and suggests that from this a new situation arises which makes feasible and desirable a reopening of the question of the over-all division of the waters of the St. Mary-Milk Rivers system. The note also refers to an enclosed memorandum from the Bureau of Reclamation pointing out that Canada stands to profit greatly by a proposed diversion of the waters of the Missouri River into the Basin of the Souris River which would appear to require a reference to the International Joint Commission under Article III of the Boundary Waters Treaty of 1909.

<sup>1</sup> Le contrôleur, le bureau fédéral des eaux et de l'énergie, la direction des levés et du génie.

<sup>1</sup> Controller, Dominion Water and Power Bureau, Surveys and Engineering Branch.

The note states that the United States Government is of the opinion it should be possible to work out a solution of these problems advantageous to both countries and suggests an over-all reference to the International Joint Commission under Article IX of the Treaty for examination and report of all the water resources which are of common interest from the International Divide in the West to the Red River of the North in the East.

The objective of this proposed reference from the United States standpoint is evidently contained in paragraphs 7 and 8 of the memorandum accompanying the note. Investigations made by the Bureau of Reclamation indicate that full development of the Milk River and Marias Basin in Montana require 232,000 acre-feet in addition to the water now allocated to the United States under the Commission's Order of 1921. It is stated that the only place where this water can be obtained is from the international streams—the St. Mary, Milk, Belly, and Waterton Rivers.

The memorandum refers to the Canadian plan of development recommended by the St. Mary and Milk Rivers Water Development Committee in 1942 and suggests this constitutes a new condition not contemplated at the date of the Commission's Order in 1921, and is sufficient ground for a revision of that Order. This has reference to the request of the United States Government in 1927 that the Commission's final order be reopened and to the reply of the Canadian Government, which was argued before the Commission in 1931 to the effect that any such reopening could only be justified by new conditions arising which were unforeseen at the date of the Order in 1921.

The development recommended by the Water Development Committee, now under construction, is planned to make full use of all the water allotted to Canada under the Commission's Order plus the water available in the Belly and Waterton Rivers. This is not in any sense a new condition. Preliminary surveys for this project were made in 1915 and the results of these surveys, including details of the lands requiring irrigation in Canada, the source of water supply, and the proposed method of development were presented at the Commission's hearings prior to the Order of 1921.

With respect to the Waterton and Belly Rivers, these two streams have their source in Glacier National Park in Montana and flow north into Alberta as tributaries of the Oldman River. Within the United States they are separated by mountain ranges from the St. Mary and Milk Rivers and cannot be economically diverted to irrigate lands in Montana except by a long round-about route through Canada. The Bureau of Reclamation suggests sharing the cost of the development from these rivers in Canada and in effect purchasing a portion of Canada's presently allocated water.

The present situation in Canada is that plans have been completed and construction has commenced on a project designed to irrigate an additional 345,000 acres using all of Canada's share of the St. Mary and Milk Rivers and all of the water available in the Waterton and Belly Rivers. As shown on the Plan accompanying the 1942 Report of the St. Mary and Milk Rivers

Water Development Committee, it was necessary to eliminate at least 100,000 acres of irrigable lands from this project for which water is not available. There is no other economic source of water in Canada for the project now under construction and any additional water allotted to the United States from these international streams will mean a corresponding additional reduction in the area it is now proposed to irrigate in Canada from this source.

The note suggests than Canada stands to profit greatly by a proposed diversion of the waters of the Missouri River into the basin of the Souris River draining into Manitoba. The thought here is evidently that additional water granted to the United States from Canada's share of the St. Mary and Milk Rivers could be exchanged for water from the Missouri delivered to the Souris River at the Manitoba boundary. The effect of this arrangement would be to deprive irrigable lands in Alberta of an urgently needed water supply in return for an additional supply to the Province of Manitoba where irrigation is not required. Such a proposal would appear to be very detrimental to the Canadian interests and could not be contemplated without the concurrence of the Provincial Governments concerned. Further the Souris River matter is already before the Commission and the effect of the proposed Missouri diversion will no doubt be considered by the Commission under the terms of the present Souris Reference.

The result of the proposed over-all reference under the draft terms submitted would be to reopen the St. Mary and Milk Rivers' case which has been considered finally settled by the Commission's Order of 1921. Since that date Canada has been proceeding in good faith to construct the necessary storage and diversion works to use its share of these waters. If the case is reopened it would invite another long drawn out dispute, which is not in the best interests of the friendly relations now existing between the two countries. It would endanger the water supply for the present projects and probably halt the construction now in progress and further development for many years.

In my opinion the over-all planning reference as proposed does not offer any advantage to Canada and if considered desirable should be based on the apportionments already established in the various watersheds.

A further and most important point is that the Canadian portion of the water resources under consideration are vested in the three Prairie Provinces and it is suggested that the views of the Alberta, Saskatchewan, and Manitoba Governments should be invited before a decision is reached on the reply to be made.

I am attaching a copy of the Report of the St. Mary's and Milk Rivers Water Development Committee referred to in the note.<sup>1</sup>

V. MEEK

<sup>1</sup>La note suivante était écrite sur cette lettre:

I don't think this necessary if our decision is a refusal of the U.S. proposition.  
M. W[ERSHOF]

<sup>1</sup>The following note was written on the letter:

887.

DEA/1268-K-40

*Le premier ingénieur, génie général, le ministère des Transports,  
au sous-secrétaire d'État associé aux Affaires extérieures*

*Engineer-in-Charge, General Engineering, Department of Transport,  
to Associate Under-Secretary of State for External Affairs*

Ottawa, July 15, 1946

ATTENTION: MR. R. M. MACDONNELL

Further to your note of June 29th† and my reply of July 3rd,† I wish to present the following in connection with the two matters raised therein:

## I. DIVERSION OF WATER AT NIAGARA FALLS

I am enclosing, herewith, a copy of a letter dated July 11th† from Dr. Hogg, Chairman of the Hydro-Electric Power Commission, in regard to the continuation of authorization for the temporary diversion of water for power purposes from the Niagara River.

I agree with Dr. Hogg's views, as set forth in the last paragraph of his letter, that the continued diversion by Canada of water from the Niagara River for power, as authorized by the 1940, 1941 and 1944 exchange of notes, is of very considerable importance and that the termination of these authorizations would virtually give rise to an emergency. Therefore, in view of the uncertainty concerning the 1941 authorizations and the lack of confirmation by the United States Senate of the 1944 authorization, it is believed they should all receive the most careful consideration and if it should appear that they are no longer in effect immediate steps should be taken to make them effective for as long a period as can be arranged, on the understanding that the need for continuing them would be reviewed annually.

At the present time we are in a period of high lake run-off with consequent high water levels and the effect of the increased diversions on the scenic beauty of the Falls is negligible. In case a low water cycle should occur it might be wise to stipulate that under these conditions the amount of the increased diversions might be curtailed if considered necessary in the interests of preserving the scenic beauty of the Falls. Curtailment of flow for these periods would only be necessary during the open water periods, at which time the power demand is usually not at its maximum.

## II. LEVELS OF LAKE ST. FRANCIS

I have talked this matter over with officials of the Beauharnois Light, Heat and Power Company, the Company that benefits from the existing arrangement with the United States in regard to the regulation of the low water levels of Lake St. Francis, and they are of the opinion, with which I agree, that permission to raise the low water level, as provided for in previous notes with the United States, should be continued. The arguments advanced in this regard are similar, in many respects, to those advanced by Dr. Hogg

in regard to the temporary diversions from the Niagara River. The demand for power from Beauharnois is increasing all the time and the coal shortage will increase this demand this winter. This demand comes from the United States as well as from Canadian power users.

During the past two years the actual levels of Lake St. Francis have been such that it has not been necessary to raise the levels except during the winter months, but how long this condition will continue no one can say.

If the existing arrangements in regard to these lake levels are extended, I believe provision should be made for review of the situation each year as has been done in the past.

G. A. LINDSAY

888.

DEA/259-40

*Mémorandum du secrétaire adjoint du Cabinet au Cabinet*

*Memorandum from Assistant Secretary to the Cabinet to Cabinet*

[Ottawa,] August 1, 1946

WATER DIVERSION, WESTERN PROVINCES; U.S. REQUEST FOR  
REFERENCE TO INTERNATIONAL JOINT COMMISSION

1. The United States has requested a broad reference to the International Joint Commission covering international streams from the Continental Divide to the Red River of the North; this request is based fundamentally upon the U.S. desire to get additional water from the St. Mary and Milk Rivers or other sources for the development of the Marias valley in the United States. Reference is made also to possible quid pro quo such as U.S. financial participation in Canadian development and such as additional water that may be made available to Canada in the Souris River from the Missouri River development. Reference is also made to the fact that Canadian plans involve use of water from the Waterton and Belly Rivers which have not been dealt with by any international award.

2. This matter has been discussed by officials of the Canadian section of the International Joint Commission, the Department of External Affairs and the Department of Mines and Resources (Dominion Water and Power Bureau). The following notes present the facts upon which these officials feel the government should base its decision.

3. As far as use of the waters of the Souris River is concerned, this matter is already before the International Joint Commission. In any case it could scarcely be considered a quid pro quo for concessions to the United States in respect of water from Alberta, since the proposed diversion from the Missouri to the Souris is of benefit only to Manitoba. The General Missouri Valley development is not of particular interest to us apart from this. Accordingly the question of the Souris waters should be dealt with as at present, and need not be tied in with any broader reference.

4. As far as the St. Mary-Milk Rivers are concerned, it is felt strongly that the 1921 award of the International Joint Commission should not be interfered with in any way or reopened. In this connection it is difficult to accept the U.S. contention that conditions have so changed as to indicate the desirability of reopening this question. Any reopening would work to the detriment of Canada which is now proceeding with its plans for utilizing its share of these waters.

5. There remains, therefore, the question of the Waterton and Belly Rivers. Water from these rivers will be used in connection with the present plans for development in Alberta. These rivers rise in the United States and cross the boundary into Canada. They are not boundary waters as defined in the Boundary Waters Treaty of 1909, but are streams crossing the boundary which are referred to in Articles 2 and 4 of this Treaty. Since the proposed diversions from the Waterton and Belly Rivers in Canada will have no effect on their flow within the United States, their use in Canada would appear to be a domestic matter, not subject to the Boundary Waters Treaty. Legally, therefore, unless the United States can divert water from these streams within its own territory, there would appear to be no grounds for the United States suggestion that since these waters have not been dealt with by a previous award, they must now be divided between the two countries. External Affairs is considering further the question of the legality of this point.

6. On the other hand, the U.S. may be able to put up a case in equity for use of some of the waters from the Waterton and Belly. There can, of course, be no objection to their use of these waters within U.S. territory, but because of difficulties of terrain this apparently is not possible of easy solution and the question becomes really one of diversion to the United States from within Canada.

7. Since the present terms suggested by the U.S. for a reference to the Commission are unacceptable, the matter becomes one for choice by the government between:

(a) complete rejection of the U.S. request, (a course which would appear to offer considerable difficulties); and

(b) further discussions in which the Canadian position would be along the lines indicated in paragraphs 3 to 6 above, in an attempt to see if a more limited reference can be worked out.

It should be kept in mind that even if a limited reference is accepted it might result in the award of certain waters to the United States, and corresponding reduction in irrigable land in Canada; acceptance of reference to the Commission need not mean that some water would be made available to the United States but might be taken as an implication of our willingness to see this result.

It is also pointed out that, should the government decide to attempt to work out a limited reference the governments of the three Prairie Provinces should be consulted before any further action is taken vis-à-vis the United States.

J. R. BALDWIN

889.

DEA/259-40

*Mémoire du secrétaire adjoint du Cabinet au sous-secrétaire d'État  
par intérim aux Affaires extérieures*

*Memorandum from Assistant Secretary to the Cabinet  
to Acting Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, August 6, 1946

Of the items dealt with at the meeting of the Cabinet held today, the following is of particular interest to your department.

*Western Canada; international waters; U.S. request  
for reference to International Joint Commission*

The Assistant Secretary reported that the U.S. government had suggested that the Canadian government join in a reference to the International Joint Commission in respect of division of waters from international streams in western Canada between the Continental Divide and the Red River of the North.

The request appeared to be based upon U.S. desire for additional water from the St. Mary and Milk Rivers or other Canadian sources. Special reference had been made to the proposed use by Canada of water from the Waterton and Belly Rivers, not hitherto dealt with by any international award.

Following discussion by the officials concerned, it had been suggested that the 1921 award of the International Joint Commission in respect of the St. Mary and Milk Rivers should not be re-opened; the question of diversions from the Souris River in connection with the Missouri River development was already before the International Joint Commission and need not become part of any broader reference.

The Waterton and Belly Rivers, while originating in the United States, were difficult of access except in Canadian territory; the point at issue was whether Canada should consider a limited reference to the Commission in respect of these rivers which might lead to the diversion of water from within Canada to the United States; any such diversion would reduce the amount of water available for irrigation purposes in Canada.

An explanatory note,<sup>1</sup> of which you have a copy (Cabinet Document 267) was circulated.

The Acting Prime Minister suggested that, while the provinces need not be consulted at this stage, in any further discussions with the United States it should be made clear that the Canadian government could not commit itself with respect to any reference to the International Joint Commission without consultation with the provincial authorities concerned.

The Cabinet, after further discussion, agreed that a reply along the lines suggested be sent to the United States, indicating that the Canadian govern-

<sup>1</sup> Le document précédent.

<sup>1</sup> Preceding document.

ment could not accept the suggested terms of reference and was not prepared to re-open the question of division of water from the St. Mary-Milk Rivers; but that, without committing itself in respect of any reference to the Commission, the appropriate Canadian officials would be prepared to enter into discussions with U.S. officials should the United States consider that the possibility of a more limited reference to the Commission might usefully be explored.

J. R. BALDWIN

890.

DEA/8010-40

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

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

No. 552

Ottawa, August 13, 1946

Sir,

I have the honor to refer to the letters of reference dated April 1, 1946 to the International Joint Commission, United States and Canada, whereby these Governments requested the Commission to conduct an investigation into reported pollution of the waters of the St. Clair River, Lake St. Clair, and the Detroit River, and to submit a report containing their recommendations with regard to this subject.

The Stream Control Commission of the State of Michigan has adopted a resolution recommending that the scope of the investigation conducted by the Commission be extended to include the waters of the St. Mary's River from Lake Superior to Lake Huron. According to a communication dated July 16, 1946† from the Chairman of the United States Section of the International Joint Commission, this resolution has been endorsed by the Public Health Service of the United States. It is also stated that the engineers and expert scientists of the State, Provincial, and Federal Governments now actively engaged in investigating this pollution consider it not only advisable but necessary that the scope of the investigation be extended to cover the waters mentioned.

I am instructed therefore to propose that the letters of reference dated April 1, 1946 under which the Commission is now investigating pollution of certain boundary waters should be amended by the insertion of the words "and the waters of the St. Mary's River from Lake Superior to Lake Huron" in the first paragraph of the letters of reference.

If the Canadian Government agrees to this suggestion it is requested that consideration be given to an amendatory letter of reference which would read substantially in accordance with the draft† transmitted herewith and which if approved by the Canadian Government would be forwarded simultaneously by the two Governments to the Chairman of their respective sections on a date to be agreed upon.

In view of the desirability of conducting investigations of the whole area simultaneously it would be appreciated if early consideration might be given this matter.

LEWIS CLARK  
for the Ambassador

891.

DEA/259-40

*Mémoire de la direction juridique*

*Memorandum by Legal Division*

[Ottawa,] August 15, 1946

RE: ST. MARY AND MILK RIVERS

The Government of the United States is endeavouring to re-open the question of the St. Mary and Milk Rivers by proposing a new Reference to the International Joint Commission.

The first official intimation we have had of this is the United States Ambassador's despatch [note] No. 521 of June 20.

The Ambassador refers to the Canadian St. Mary and Milk Rivers Water Development Committee and their report on a plan for increasing our use of the St. Mary River water. He understands a part of this plan to involve the utilization of the Waterton and Belly Rivers which rise in Montana and flow into Alberta. "Since these rivers have not been involved in earlier settlements of water disputes in that area" (that area presumably being Montana), the Americans endeavour to infer that a new situation has arisen, making desirable a reconsideration of the division of the waters of the St. Mary and Milk Rivers. It is argued that the carrying out of the Canadian plans would permanently preclude the Americans from obtaining their just share of the water in the area. The United States Ambassador further argues that more comprehensive planning will provide more adequate supplies of water on the Canadian side, but he omits to state that these more adequate supplies of water would be supplied in southern Manitoba where the rainfall is much more adequate, and that the United States would obtain part of our share of the water in southern Alberta, which is a drought area.

In his despatch, the United States Ambassador proposes terms of reference which are not acceptable, and he annexes to his despatch a memorandum† supplied by the Bureau of Reclamation of the Department of the Interior.

This memorandum outlines part of the history of the St. Mary and Milk Rivers and gives "the new conditions which have arisen and were unforeseen at the time of the apportionment of the waters of these rivers". The new conditions appear to consist of the fact that the only feasible source of additional water for the United States is by importation of water from Canada through use of waters flowing into Canada in the Waterton and Belly Rivers and the unused portion of the St. Mary waters. This would mean an exchange of the American share of the Waterton and Belly waters for a like amount from

the St. Mary River or by financial participation in our development of the St. Mary and Milk Rivers Water Development Committee Plan. This is set forth in the light of a "purchase of some or all of our share of the water of the Milk River". The Canadian plan is looked upon as a rather extensive, and not heretofore contemplated, use of the Waterton and Belly waters. The Bureau of Reclamation argues that these two streams were not apportioned in the Treaty of 1909, nor by the Commission's Order of 1921, because at that time, it appeared to be impracticable to divert them within the boundaries of the United States. As Canada's plan involves full utilization of our share of the St. Mary water and, in addition, the Waterton and Belly waters, the United States may be precluded forever from the use of the latter waters unless some new agreement is made. Therefore, these new conditions make necessary a re-opening of the whole question. A joint undertaking is urged whereby the United States could utilize its "just" share of the Belly and Waterton waters and Canada would, in the long-run, benefit to a much greater degree than can now be foreseen.

The Bureau of Reclamation sees the issue as involving three problems—

(1) The United States claim to a share in the hitherto unused waters of the Waterton and Belly Rivers;

(2) An investigation of a plan for the general utilization of the international waters in the area;

(3) The question of diversion of the waters of the Missouri into the Souris and Red River of the North Basins.

The Bureau of Reclamation sees these three problems as closely inter-related and proposes a broad investigation to develop a plan for the best possible utilization of the waters throughout the whole area.

The Dominion Water and Power Bureau sees no possible advantage to Canada arising out of this proposal and, on the contrary, sees great detriment resulting from the fact that the waters we might give to the United States would be taken from a drought area and replaced in an area where irrigation was not required.

As an incidental fact in the broad picture, it might be pointed out that Senator Stanley, United States Chairman of the International Joint Commission, wrote to the Honourable Charles Stewart, Canadian Chairman of the International Joint Commission on July 11†, stating that acquiescence in the United States proposal in no way involves the waters now in the St. Mary and Milk Rivers, and previously apportioned, without the full and complete concurrence of the Canadian Section of the International Joint Commission. The Stanley letter is couched in the most gentle and encouraging terms, but it should be borne in mind that it is a purely private communication.

The Cabinet has taken an active interest in this matter and has stated that, while the provinces need not be consulted at this stage, it would be made clear to the United States authorities, in any further discussions, that the Canadian Government could not commit itself without consultation with the provincial authorities. The Cabinet further agreed that a reply be sent to the

United States, indicating that the Canadian Government could not accept the suggested terms of reference and was not prepared to re-open the question of the diversion of water in the St. Mary and Milk Rivers, but that, without committing itself in respect of any Reference to the International Joint Commission, the Canadian officials should be prepared to enter into discussions with United States officials should the United States consider that the possibility of a more limited Reference to the Commission might usefully be explored.

As a final item of interest, it might be added that the plans for the construction of the St. Mary River main dam have been completed and tenders have been called for its construction. One of the auxiliary reservoirs of the Canadian project has been constructed by the Province of Alberta on the understanding that the Dominion would proceed with the main reservoir.

From the foregoing, it would appear that the United States proposal is a further endeavour on their part to obtain from Canada some of the badly needed water in the drought area by re-opening the St. Mary and Milk Rivers question. The United States terms of reference are obviously much too broad and, if we are to accede to a reference of any kind, the terms must necessarily be greatly restricted.

L. C. A[UDETTE]

892.

DEA/259-40

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

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

No. 117

Ottawa, September 6, 1946

Excellency,

I have the honour to refer to your Note No. 521 of 20th June concerning the distribution of waters of certain international rivers along the United States boundary and more particularly concerning the St. Mary and Milk Rivers.

The long history of the discussions concerning the distribution of the waters of the St. Mary and Milk Rivers System was brought to a close by the Boundary Waters Treaty of 1909 and the International Joint Commission Award of 1921.

There has been correspondence on this subject on several occasions since the Award of 1921 and the Government of Canada has invariably expressed its concern that the integrity of the system created by the Treaty of 1909 and the Award of 1921 should be maintained. Relying on the principles established by the Award, the Government of Canada is proceeding to make full use of the waters allotted to it and the development recommended by the St. Mary and Milk Rivers Water Development Committee is now under construction.

The Canadian authorities find it difficult to accept the view that the lack of a settlement concerning the Waterton and Belly Rivers is productive of a new situation making feasible or desirable a re-opening of the question of the overall division of the St. Mary and Milk Rivers System. They find it even more difficult to see why the Canadian undertaking of the development recommended by the St. Mary and Milk Rivers Water Development Committee should be considered as a new condition; preliminary surveys for this project were made as early as 1915 and the results of these surveys, including details of the lands requiring irrigation in Canada, the source of water supply, and the proposed method of development, were presented at the Hearings of the International Joint Commission before the 1921 order was issued.

The Canadian Government is anxious to insure a maximum quantity of water from the rivers in question for users on both sides of the boundary. However, the present suggestion, urged by the Reclamation Bureau, of compensation to Canadian interests for loss of water from the St. Mary and Milk Rivers by waters from the Missouri diverted to the Souris, takes no account of the fact that the waters suggested for United States use are to be diverted from a drought area in Canada and those suggested for Canadian use as compensation would be supplied in an area of adequate precipitation.

The Canadian Government is, therefore, unable to agree to the suggested terms of reference and is very reluctant to re-open the question of the apportionment of the waters of the St. Mary and Milk Rivers. However, if the Government of the United States feels that the possibility of a more limited reference might usefully be explored, I would suggest that discussions might be undertaken by the officials of both Governments with this object in view.

If such discussions are undertaken they would, of course, be without prejudice to the rights of either Government; should they result in agreement concerning the terms of reference, the Canadian Government, before committing itself finally to such a reference, would wish to discuss the matter with the Provincial authorities concerned.

Accept etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

893.

DEA/259-40

*Mémorandum de la direction juridique au chef, la direction juridique*  
*Memorandum from Legal Division to Head, Legal Division*

[Ottawa,] October 10, 1946

RE: ST. MARY AND MILK RIVERS

On Tuesday October 8th Mr. King of the State Department called on me in company with Mr. Shillock of the United States Embassy.

The real object of this visit was to discuss the American Ambassador's Note No. 521 of 20th June proposing a rather broad reference to the International Joint Commission and our Note No. 117 of 6th September in reply thereto.

Mr. King apparently construed our Note No. 117 as being even more reluctant than it is. He seemed to feel that it shut the door upon all further discussions.

I assured him that as stated in our Note we would be glad to undertake discussions to try to arrive at satisfactory terms of reference. I did not conceal from Mr. King my apprehension lest we lose valuable water in a drought area in return for a perhaps equivalent or additional supply of water in an area of adequate precipitation. Mr. King based most of his arguments on the nature of the proposed undertaking of the Americans. It was his view that if the American plans were carried out, more water would be available for irrigation on both sides of the border in those areas requiring it most urgently.

Though Mr. King was a trifle better equipped to do battle than I was (he had marshalled a great store of facts and figures before coming to my office, and I was unaware of the purpose of his visit) I still believe that he laboured under the same technical handicap as myself in discussing the engineering aspects and the factual background of this problem.

I made it quite clear to Mr. King that we were very reluctant to part with our share of the meagre waters available but that we would be very glad to hold a round-table discussion, where a more detailed exposition of the American plan might readily result in Agreement on terms of reference which would safeguard our position and allow the exploration of plans which might be mutually advantageous.

L. C. A[UDETTE]

894.

DEA/891-40

*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 1483

Ottawa, November 28, 1946

Sir,

I wish to refer to our EX-4034<sup>1</sup> concerning the water levels of Lake St. Francis.

2. The question of the desirability of renewing the wartime agreement concerning the levels of Lake St. Francis has been taken up with the Depart-

<sup>1</sup> EX-4034 du 27 novembre 1945.

<sup>1</sup> EX-4034 of November 27, 1945.

ment of Transport. It has been concluded that permission to raise the low water level, as provided for in previous notes with the United States, should be continued.

3. For your information I am enclosing copies of a Departmental memorandum of June 29 and extracts from a memorandum from the Department of Transport of July 15.

4. I should be grateful if you would take up this matter informally with the State Department and ascertain whether they are agreeable to the continuation of the wartime agreement. If so, we should be glad to have their views on how this continuation might best be effected. You will understand that at this stage no commitment may be made. Before an exchange of notes or other form of agreement is effected, ministerial approval will be required.

5. In this connection please refer to the related subject of the diversion of water at Niagara Falls on which a separate despatch is being sent.

I have etc.

K. P. KIRKWOOD  
for the Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du ministère des Affaires extérieures*

*Memorandum by Department of External Affairs*

[Ottawa,] June 29, 1946

MEMORANDUM ON THE LEVEL OF LAKE ST. FRANCIS

An exchange of notes on November 10, 1941<sup>1</sup> between Canada and the United States provided that the United States would not object to the maintenance of the level of Lake St. Francis at 152 during the low water periods. The purpose of the agreement was to enable the Beauharnois Company to maintain its supply of water to the aluminum factory at Massena, New York.

The notes have been extended from time to time. The last extension was made in the fall of 1944. It provided that the 1941 agreement should be "continued for the duration of the emergency, subject to review prior to October 1 of each year."

In November, 1945, the Power Controller reminded this Department that the agreement was subject to reconsideration and asked what had been done. On November 27, 1945 the Embassy in Washington was asked to discuss the matter informally with the State Department "and

<sup>1</sup> Voir Canada, *Recueil des traités*, 1941, N° 19.

<sup>1</sup> See Canada, *Treaty Series*, 1941, No. 19.

if they are agreeable, you would be justified in providing for continuance of status quo preferably without formal exchange of notes."

The Embassy reported on December 14 that the matter was being explored by the State Department. This is the last which was heard from Washington and no further action was taken from this end.

It is, to say the least, doubtful whether the "emergency" contemplated in the 1944 notes is still in existence. It would appear if the agreement is to be kept in force, some action should now be taken.

Mr. Marr, of the Dominion Water and Power Bureau, recently advised that the natural level of Lake St. Francis had been so high that it had not been necessary even in low water periods to use artificial means to raise the level to 152. However there is no assurance that this condition will continue very long.

895.

DEA/1268-K-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 1484

Ottawa, November 28, 1946

Sir,

I wish to refer to our EX-4035 of November 27, 1945 with reference to the diversion of water of Niagara Falls.

2. The question of the desirability of renewing the wartime agreements on this subject has been taken up with the Department of Transport. It is considered that the continued diversion by Canada of water from the Niagara River for power, as authorized by the 1940, 1941 and 1944 exchange of notes, is of very considerable importance and that the termination of these authorizations would virtually give rise to an emergency. Therefore, in view of the uncertainty concerning the 1941 authorizations and the lack of confirmation by the United States Senate of the 1944 authorization, it is believed they should receive careful consideration. If it should appear that they are no longer in effect immediate steps should be taken to make them effective for as long a period as can be arranged, on the understanding that the need for continuing them would be reviewed annually.

3. For your information I am enclosing a copy of a Departmental memorandum of June 29<sup>1</sup> and extracts from a memorandum from the Department of Transport of July 15 on this subject.

4. I should be grateful if you would take up this matter informally with the State Department and ascertain whether they are agreeable to the

<sup>1</sup> Voir le document précédent.

<sup>1</sup> See preceding document.

continuation of the wartime agreement. If so, we should appreciate having their views on how this continuation might best be effected. You will understand that at this stage no commitment may be made. Before an exchange of notes or other form of agreement is effected, ministerial approval will be required.

5. In this connection, please refer to the related subject of the levels of Lake St. Francis on which a separate despatch is being sent.

I have etc.

K. P. KIRKWOOD  
for the Secretary of State  
for External Affairs

896.

DEA/1268-K-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*

Washington, December 21, 1946

Dear Mr. Pearson,

I am replying to Despatch No. 1484 of November 28th by letter, because of the informality of the reply from the Department of State which we have had, having taken up with them verbally the subject matter of this despatch. You will recall that the despatch under reference is concerned with the diversion of water at Niagara Falls, and the question of the desirability of renewing wartime agreements.

Mr. Stone discussed this matter with Mr. Parsons at the State Department, who gave him a verbal reply yesterday. Mr. Parsons said that officers of the State Department have discussed the thing informally with Mr. Leland Olds of the Federal Power Commission, and while they do not wish to give us a formal reply, they are able to state that they have no intention whatsoever of changing the amounts of water diverted under the exchanges of notes of 1940, 1941 and 1944. All United States authorities concerned hold the view that this water should be continued to be provided for Canadian power purposes.

The Federal Power Commission has scheduled a study commencing in January of the whole question of diversion at Niagara including its overall effect on the St. Lawrence project. In accordance with the practice of the Commission they will soon be getting in touch with the Ontario Hydro Electric Commission in connection with this study, out of which they would hope that the emergency diversions provided by our exchanges of notes would be replaced by permanent arrangements based on the amount of water required at different times of day to maintain the scenic beauty of the Falls. I gather

that the Federal Power Commission holds the view that considerably larger diversions, than are now being made, will be possible at certain times of the day and particularly during the night time.

In so far as the actual status of the notes exchanged is concerned, Mr. Olds of the Federal Power Commission feels that the President will maintain the emergency (he says that this is just one man's opinion), and that the notes of 1940 and 1941 will, therefore, remain in force. There is a possibility of some slight embarrassment in connection with the notes of 1944 for two reasons. In the first place, they have not, as you know, been ratified by the Senate, and in the second place, they provide, unfortunately, that the diversions specified should be made until "the end of hostilities". The United States authorities feel, however, that since relatively small amounts of water are dealt with in these notes, and since both sides are willing that the diversions provided should continue, and since it is proposed to keep the notes off the Senate Calendar, there is no imminent danger of embarrassment arising. In short, the Federal Power Commission clearly desires to protect the status quo.

In view of the above, I feel that we can now await the outcome of the study which the Federal Power Commission are proposing to make, and of which they propose to keep the Ontario Hydro Electric Commission currently informed. Mr. Parsons said that at any time the State Department would be glad to inform the Embassy of progress in this study. In the meantime, they are anxious to avoid, if possible, putting anything in writing in connection with the three exchanges of notes under which present diversions are being made at Niagara.

Yours sincerely,

H. H. WRONG

PARTIE 2/PART 2

EAUX CÔTIÈRES/COASTAL WATERS

897.

DEA/12015-40

*Mémorandum de la direction juridique*

*Memorandum by Legal Division*

CONFIDENTIAL

Ottawa, March 27, 1946

PROPRIETARY INTERESTS (INTERNATIONAL) IN CONTINENTAL SHELF

1. A Presidential Proclamation of September 28, 1945, asserted the jurisdiction of the United States over the natural resources of the continental shelf under the high seas contiguous to the coasts of the United States and its territories. The continental shelf was described generally as meaning "submerged land contiguous to the continent which is covered by no more than 100 fathoms (600 feet) of water". It was made clear that the Proclamation

had in view the mineral resources of the shelf, that the right of free navigation was not to be impeded, and that the Proclamation was not regarded as extending the present limits of the territorial waters of the United States.

2. The several questions of international law involved were examined in the Legal Division in July, 1945. The conclusion then reached was that international law and custom did not at present recognize that a coastal state had any proprietary interest in the continental shelf contiguous to its shores. The further opinion was expressed that, while the matter was not free from doubt, authority existed in international law and practice for the view that the bed of the sea (which would, of course, include the continental shelf) could be effectively occupied, at any rate in so far as the occupation did not seriously affect general rights of navigation.

The Legal Division also expressed the view that, as a matter of policy, no objection should be taken to an extension of the principles of international law to provide for the recognition of proprietary interests in the continental shelf in accordance with the Presidential Proclamation. It was felt, however, that any such extension should be accomplished by agreement rather than by unilateral declaration. The further view was expressed that the recognition of effective occupation of the bed of the sea (whether by mining or drilling oil, or by works which would actually come above the surface of the sea, such as the building of jetties and lighthouses), for which authority exists, should be supported by the Canadian Government.

3. These views appear, from the file, to have been referred to the interested departments for their comments. No replies have been received.

4. It was pointed out at the same time that the coastal provinces (i.e. Nova Scotia which has leased submarine coal areas beyond the three-mile limit) would have an important interest in the recognition of the doctrine. It was not thought, however, that there would be any necessity of consulting the provinces unless it was proposed to block the United States policy.

5. On November 1, 1945, a Note was transmitted to the United States Ambassador to Canada in which we stated that the policy outlined in the Presidential Proclamation was still under review here, but that "this delay does not indicate that the proposals . . . are regarded with any disfavour by the Canadian Government."

6. It is suggested that the text of the Proclamation, together with a copy of the views of the Legal Division and of a draft Note to the United States Ambassador to Canada, be once more referred to the interested departments for their concurrence or observations.

The draft Note should, it is thought, indicate that the Canadian Government favours the policy outlined in the Proclamation, but wonders whether it would not be desirable to place such matters, in which a reasonable doubt exists as to the position under international law, on the Agenda of UNO, where the formulation of a suitable multilateral convention could be considered by its Legal Committee. (At the same time, the Canadian views as

to effective occupation, while they do not bear directly on the Proclamation, might usefully be outlined).

7. In support of the above recommendation, the following is submitted:

(a) Article 13, paragraph 1.a. of the United Nations Charter charges the General Assembly with "promoting international cooperation in the political field and encouraging the progressive development of international law and its codification."

(b) In the common interest, the development of international law should be accomplished in an orderly fashion, by agreement and through the instrumentality of the appropriate international agency, rather than by unilateral action.

(c) In view of the fact that UNO was not functioning when the Proclamation was made, it would seem that these suggestions might now be made at this time to the United States Government, without appearing to criticize the Proclamation.

(d) As presently drafted, the Canadian reaction to the similar Presidential Proclamation regarding the conservation of fisheries beyond the three-mile limit takes the same general line as is recommended above.

E. R. HOPKINS

898.

DEA/10471-40

*Mémorandum de la direction juridique*<sup>1</sup>

*Memorandum by Legal Division*<sup>1</sup>

[Ottawa,] May 1, 1946

BOUNDARY QUESTIONS AFFECTING CANADIAN WATERS IN THE PACIFIC

1. Two main questions are outstanding:

- (a) The boundary at Dixon Entrance, a question unsettled for more than forty years.
- (b) The boundary within the Strait of Juan de Fuca

2. For the last five and a half years, the United States Government have been actively pressing for a solution of our differences in this sphere. On September 13, 1945, the Cabinet approved a settlement of the two boundary questions on the basis of the draft Note† (flagged) prepared by External Affairs subject to assurance being obtained as to the attitude of British Columbia. Mr. Read was to get in touch with Mr. Ian Mackenzie and no action was to be taken until Mr. Mackenzie was satisfied on this point.

3. Nothing has been done since the Prime Minister gave assurances, in reply to a telegram from the Premier of British Columbia,† that no action

<sup>1</sup> À E. R. Hopkins.

<sup>1</sup> To E. R. Hopkins.

would be taken with regard to the boundary questions without the provincial government being given the opportunity of making representations. Subsequently, Mr. Ian Mackenzie advised Mr. Read that Mr. Hart had stated orally that the "Government of British Columbia is unalterably opposed to the suggested changes".

4. On April 24, Mr. Lewis Clark, Counsellor of the United States Embassy made oral and informal enquiries as to whether anything had transpired which could be reported officially to his government. He was advised this matter was being considered actively and would be taken up with the Deputy.

5. The file does not disclose that Mr. Hart has ever been given the opportunity of making representations. Assuming this to be the case, it is felt that the following steps should be taken:

(a) A copy of our draft Note could be sent to the Premier of British Columbia by the Prime Minister, with a request for the Premier's views.

(b) Consultations could be arranged with the Province to ascertain what common ground and what differences exist.

(c) After further consideration by the Cabinet, we would be in a position to give a final reply to the United States government.

(d) In the meantime, the United States Embassy should be advised of the standing of this matter.

6. Do you agree?<sup>1</sup>

E. A. C[ÔTÉ]

899.

DEA/10471-40

*Mémoire du chef, la troisième direction politique,  
au chef, la direction juridique*

*Memorandum from Head, Third Political Division, to Head, Legal Division*

[Ottawa,] May 18, 1946

In his note† on my memorandum of May 15,† Mr. Wrong asks whether Line A-B can wait until the Prime Minister's return. In my opinion, the pressure being brought by the United States Embassy is of a fairly mild and routine nature and does not make it imperative to take the question up with British Columbia at once.

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

Deputy:

It seems to me that we should take some such action. I know that Mr. Clark has been made aware (informally) of the B[ritish] C[olumbia] difficulty. On the other hand, he wishes some formal note, for his Government. I have discussed this memo with Mr. Côté.

<sup>1</sup>The following note was written on the memorandum:

E. R. H[OPKINS]

I would therefore recommend that the question of approaching British Columbia be deferred until the Prime Minister's return, but, that in the meantime, we tell Mr. Clark informally what the situation is. It would be sufficient to tell him (as evidence of the fact that the question is under serious consideration) that the Canadian Government does not feel itself in a position to reply to the United States Government until consultations have taken place with British Columbia, and that, in view of the somewhat delicate situation with respect to Dominion-Provincial relations, it is felt advisable to await the Prime Minister's return.<sup>1</sup>

900.

DEA/12015-A-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre des Transports<sup>2</sup>*

*Under-Secretary of State for External Affairs  
to Deputy Minister of Transport<sup>2</sup>*

CONFIDENTIAL

Ottawa, June 24, 1946

RE: UNITED STATES PRESIDENTIAL PROCLAMATION ON CONTINENTAL SHELF

Attached is a draft note to the United States Ambassador to Canada on the subject of the Presidential Proclamation of 28th September, 1945, extending the territorial jurisdiction of the United States to cover the subsoil and bed of the ocean in the continental shelf.

The principles enunciated in the above-mentioned Proclamation appear to be ones which the Canadian Government should espouse. On the other hand, it is not clear that these principles are recognized by customary international law. It is therefore proposed that these principles be considered by the United Nations so that they may receive, if possible, multilateral acceptance.

Would you let me have your views as to the effect that the recognition of these principles might have on the activities supervised by your Department? I should be particularly interested in your observations on what appears to

<sup>1</sup> Les notes suivantes étaient écrites sur ce mémorandum:

<sup>1</sup> The following notes were written on the memorandum:

If you concur, please refer to Mr. Wrong. R. M.[ACDONNELL]

Mr. Wrong,

This matter has waited many years. It can wait another month. I have been in touch with Mr. Clark informally on this matter, and would be glad to have a word with him along the lines of the above, unless R. M. M[acdonnell] or yourself would prefer to do so.

E. R. H.[OPKINS]

OK H. W.[RONG]

<sup>2</sup> Des lettres semblables furent envoyées aux ministères des Pêcheries et des Mines et des Ressources.

<sup>2</sup> Similar letters were sent to the Departments of Fisheries and Mines and Resources.

be an arbitrary limitation of the continental shelf to areas in which the water does not exceed one hundred fathoms in depth. It may be that this limitation has some basis in scientific fact, but the reason for selecting this particular depth is not obvious to me. Your comments with regard to the proposed note to the United States Ambassador would also be appreciated.

You will recall that a similar Canadian approach is under consideration with respect to the Presidential Proclamation of 28th September, 1945, concerning the regulation of coastal fisheries.

N. A. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

*Projet de note du secrétaire d'État aux Affaires extérieures  
à l'ambassadeur des États-Unis*

*Draft Note from Secretary of State for External Affairs  
to Ambassador of United States*

Excellency,

I have the honour to refer to my note of 1st November, 1945, in which I informed you that the Proclamation of the President of the United States concerning the policy of the United States with respect to the natural resources of the subsoil and sea bed of the continental shelf was being examined by the appropriate authorities of the Canadian Government.

The Canadian Government is inclined to favour the policy outlined in the Proclamation. On the other hand, the rights of coastal states to the land masses appurtenant thereto beyond territorial waters have not hitherto been clearly defined in international law. It would seem that principles such as those embodied in the Proclamation, which may involve the extension of an existing right or the development of a principle deemed advisable by reason of scientific and economic advancement, should be incorporated in international law, where possible, by multilateral agreement.

The United Nations Charter (Article XIII, Paragraph 1(a)) charges the General Assembly with "promoting international cooperation in the political field and encouraging the progressive development of international law and its codification". It is only after the issuance of the Presidential Proclamation that the United Nations has begun to exercise its functions.

Since an appropriate mechanism for obtaining general recognition of an uncertain principle or a new development in international law is now available in the new organization, the Canadian Government would suggest that the principles outlined in the Presidential Proclamation might usefully be placed on the agenda at the next meeting of the United Nations so as to provide an opportunity for general consideration and approval.

It would be much appreciated if you could let me have an expression of the views of the United States Government with reference to this suggestion.

901.

DEA/12015-A-40

*Mémorandum de la direction juridique<sup>1</sup> au chef, la deuxième direction politique, et au chef, la troisième direction politique*

*Memorandum from Legal Division<sup>1</sup> to Head, Second Political Division, and to Head, Third Political Division*

[Ottawa,] September 13, 1946

RE: THE UNITED STATES PRESIDENTIAL PROCLAMATION ON  
THE CONTINENTAL SHELF AND ON COASTAL FISHERIES

The Presidential Proclamation on the Continental Shelf has been put before the Departments of Mines and Resources, Transport and Fisheries and there is no disagreement on the substance of the proclamation. These Departments share our view that the proclamation might properly be put before the United Nations for discussion and that broad acceptance would be preferable to unilateral action. This is a criticism of the method adopted in the Proclamation rather than of its substance and would apply equally to the Presidential proclamation of the same date on Coastal Fisheries.

2. You will recall that on 15th of March 1946, a letter<sup>2</sup> was sent to the Department of Fisheries asking for the agreement of the Minister to a submission to Cabinet drawn on the basis of conclusions reached at a meeting of officials held on the 4th of March to discuss the Proclamation on Coastal Fisheries. By letter dated 3rd September,† the Deputy Minister has expressed the agreement of the Department of Fisheries to conclusions (a), (b), and (d) of the draft submission (flagged). That Department felt, however, that further consideration should be given to conclusion (d) which suggested that the question be examined by the United Nations Organization or other appropriate international body with a view to reaching general agreement on the rights to be exercised by States in respect of the conservation of high seas fisheries in waters contiguous to their coasts. It was also felt that further consideration should be given to Section (a) of paragraph 4 which raises the question of Canadian fishermen being barred from, or discriminated against, in conservation zones established by the United States and other countries.

3. The Deputy Minister stated that the Department of Fisheries is in agreement with the points made by Dr. Keenleyside in his despatch of April 1† (flagged) in which he commented on the draft submission to Cabinet, and stated that some method of exclusion and discrimination may be necessary in order to afford adequate protection to fisheries carried on in waters contiguous to the east and west coasts of Canada. This is at variance with conclusion (c) of the draft memo to Cabinet which recommended against exclusion or discrimination.

4. The Deputy Minister did not say whether the draft memorandum for Cabinet had been put before the Minister. Nor did he suggest precisely what

<sup>1</sup> H. F. Davis.

<sup>2</sup> Document 1064.

he thought the next step should be. He enclosed with his letter technical memoranda on the fisheries on the Pacific and Atlantic Coasts.

5. This whole question is one of considerable importance and it is no doubt desirable to attempt to make some real progress. (Your attention is drawn to the attached excerpts† from speeches on this subject made in the House of Commons on 28th August by the member for New Westminster and the member for Queen's-Lunenberg). It might be useful at this point for competent officials of the Department of Fisheries to discuss on a technical level with the United States Department of Fisheries specific problems and ways and means of solving them. As it is now we have nothing but a general expression of the necessity of taking some undefined action to protect Canadian interests. It would be helpful if the Department of Fisheries would outline in precise terms what action it would recommend to protect Canadian Fisheries. We would then be in a position to reply fully to the United States on the points raised by the Presidential Proclamation both on the matter of substance and of form. Our comments on the form of the Proclamation could be made to apply equally to the Proclamation on the Continental Shelf.

6. If you agree, the advisability of having technical discussions with the United States should be taken up with Fisheries. Fisheries, Transport and Mines and Resources should also be told that our proposed note to the United States Ambassador on the Continental Shelf which raised the question of the method not of substance would be delayed until we are in a position to discuss the similar proclamation on Coastal Fisheries.

902.

DEA/3199-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au conseiller, l'ambassade des États-Unis*

*Acting Under-Secretary of State for External Affairs  
to Counsellor, Embassy of United States*

Ottawa, October 3, 1946

Dear Mr. Clark,

As you know, for many years privileges have been extended by Canada to United States halibut fishing vessels on the Pacific Coast. In 1918 there was reciprocation in these privileges in United States ports, but this arrangement was terminated in 1921 when United States war legislation ceased to be effective. In 1942 the United States agreed to extend to Canadian halibut fishermen the same privileges in Alaskan ports which Canada gives United States fishermen in British Columbia fishing ports. This reciprocal arrangement has continued on an annual basis during the last four years.

The Canadian Government would welcome a continuation on a reciprocal basis of these port privileges in 1947. Accordingly, we should be glad to learn whether the United States Government wishes to renew the present arrangement in order that the necessary action may be taken in respect of Canadian

ports. I may add that the Canadian authorities are anxious that any permission which may be given should be granted in both countries sufficiently in advance of fishing operations to avoid the difficulties experienced in 1945 by Canadian fishermen who wished to use Alaskan ports.

Yours sincerely,

R. M. MACDONNELL  
for the Acting Under-Secretary  
of State for External Affairs

903.

DEA/10471-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures<sup>1</sup>*

*Under-Secretary of State for External Affairs  
to Secretary of State for External Affairs<sup>1</sup>*

Ottawa, November 6, 1946

Dear Mr. St. Laurent,

Two main questions are still outstanding affecting Canadian waters in the Pacific in connection with the Canadian-United States boundary. They are the boundary at Dixon Entrance between Canada and Alaska and the boundary in the Juan de Fuca Strait between Vancouver Island and the State of Washington.

The United States authorities have been pressing for a solution of this problem for the last six years.

On 13th December, 1945, Cabinet approved a settlement of these two questions in the manner described in the draft note† attached to the enclosed letter to Mr. Hart. The actual text of this note was submitted to Cabinet and approved.

On December 14, 1945, the Premier of British Columbia requested that no action be taken without an opportunity being given to his Government to make representations. By letter of December 19th, the Prime Minister gave to the Premier of British Columbia the assurances he had requested.

By a confidential letter of 22nd December to Mr. J. E. Read, the Hon. Ian Mackenzie informed Mr. Read that the Premier of British Columbia was "unalterably opposed" to the suggested changes.

At that time it was decided to let these questions stand for the time being.

In May, 1946, the subject was raised again and it was deemed advisable to await the return of the Prime Minister who was then absent.

Though there have been no developments since May, it would seem inadvisable to allow this matter to remain dormant indefinitely. I am attaching a letter to the Premier of British Columbia enclosing a draft note

<sup>1</sup> M. St. Laurent était alors à New York.

<sup>1</sup> Mr. St. Laurent was then in New York.

approved by Cabinet. This letter is submitted for your consideration and signature, and I would be grateful for any comments you may wish to make.

For your information I am attaching a copy of the note for consideration by the Cabinet which was submitted with the draft note, the text whereof is annexed to the letter to Mr. Hart.<sup>1</sup>

Yours very sincerely,

L. B. PEARSON

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Le secrétaire d'État aux Affaires extérieures  
au premier ministre de Colombie britannique*

*Secretary of State for External Affairs  
to Prime Minister of British Columbia*

Ottawa, November 6, 1946

My dear Premier,

May I refer to Mr. King's letter of 19th December, 1945, concerning fishing rights and possible boundary modifications on the west coast of British Columbia.

I am attaching hereto for your information copy of a draft Note† to the American Ambassador concerning the boundary questions in the Dixon Entrance and the Strait of Juan de Fuca.

I would be grateful if you would examine this draft Note and let me have your comments.

If you should not be in agreement with the attached draft, I would be glad to ascertain this at your early convenience and possibly consultations could be arranged to discuss any differences that may exist.

Yours sincerely,

L. S. ST. LAURENT

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Mémoire du ministère des Affaires extérieures au Cabinet*

*Memorandum from Department of External Affairs to Cabinet*

[n.d.]

BOUNDARY QUESTIONS AFFECTING CANADIAN WATERS IN THE PACIFIC

1. For the last five years, the United States Government have been pressing for the settlement of long-standing boundary questions affecting Canadian waters in the Pacific.

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

N.B. Only Comment: Draft note omits "to the north thereof" after words "all land" in para[graph] 3 line 5. L. S. ST. L[AURENT]

2. An informal approach was made by the United States Minister in October, 1940. Preliminary examination of the United States proposals took place, following which negotiations were interrupted in the face of opposition to the Canadian counter-proposals on the part of the Attorney General of British Columbia and the press of that province (August, 1942).

3. Negotiations were later resumed, however, after the United States had requested that the Canadian authorities reconsider their decision to postpone the matter.

4. The questions involved were carefully examined by an interdepartmental committee composed of representatives of the Department of Fisheries, the Department of Justice, the Department of National Defence for Naval Services, the Department of Mines and Resources (International Boundary Commission, the Office of the Surveyor General, and Chief of the Hydrographic Service), and the Department of External Affairs. The committee has drafted Canadian proposals in the form of a draft note, copy of which will be found in Appendix "A"† to this memorandum.

5. The proposals deal with two main questions. The first one is concerned with the waters of Dixon Entrance and is dealt with in Article I of the draft note. This matter has been pending between the two countries for the last forty years, ever since the Line AB (see map in Appendix "D")† was established by the Alaskan Boundary Tribunal in 1903. This Tribunal decided that all lands north of the Line AB would belong to the United States while lands south of the Line would belong to Canada. While Canada has repeatedly claimed sovereignty over the whole of Dixon Entrance (P.C. July 6, 1909, and P.C. May 14, 1904),<sup>1</sup> the United States have consistently refused to accept that contention. On the other hand, while claiming sovereignty over Dixon Entrance, Canada never enforced its sovereignty by exercising jurisdiction over that area in such matters as customs and fisheries. The Canadian courts, including the Supreme Court of Canada, have taken it for granted that the waters of Dixon Entrance were subject to the standard rule of international law whereby sovereignty can only be exercised within a three-mile limit from the coast. It must be said here that, from the point of view of international law, the Canadian contention cannot be substantiated.

6. In the light of these considerations, it is proposed that the waters of Dixon Entrance become historic or national waters of the United States and Canada respectively with a line of demarcation marked B-1-2-3-4, constituting the boundary between the two countries. A precise description of the Line B-1-2-3-4 will be found in the second paragraph of Article I of the draft note. Waters north of the proposed boundary would become national waters of the United States, while waters south of it would become national waters of Canada. However, all waters outside the three-mile limit would be open to vessels, aircraft and nationals of the two countries, while each country would exercise exclusive jurisdiction over the three-mile limit.

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

May 4, 1914?

7. The second question dealt with in the draft note under Article II relates to the waters of the Strait of Juan de Fuca. The United States have proposed that the international boundary which separates the maritime belts of the two countries within the Fuca Strait be continued from Turning Point 12 (see map in Appendix "C") † at the base line at right angles thereto with an initial bearing of north 86°, 26', 40" west to the high seas. This proposal was deemed acceptable and was approved by the interdepartmental committee.

8. In considering these two questions, it should be borne in mind that the disposition of the Dixon Entrance question might be difficult to justify if challenged by a third government. If challenged, the Canadian Government would be in a position in which it would have to defend the boundary line as established regardless of whether the challenge was directed against this Government or against the Government of the United States. Similarly, the United States Government would have to join in defending it even if the challenge were directed against the Canadian Government. It is a matter in which the compulsory jurisdiction of the International Court of Justice could be invoked. There does not seem to be very much likelihood of a challenge in the immediate future owing to the pre-occupation of Japan. The disposition of the question relating to the Strait of Juan de Fuca is easier to justify under recognized principles of international law.

9. It is desired to know whether the Canadian Government is agreeable to the outstanding boundary questions in the Pacific being settled in the manner described in the draft note attached.

904.

DEA/3199-40

*Le conseiller, l'ambassade des États-Unis, au sous-secrétaire d'État  
aux Affaires extérieures*

*Counsellor, Embassy of United States, to Under-Secretary of State  
for External Affairs*

Ottawa, November 22, 1946

Dear Mr. Pearson,

The contents of the letter dated October 3, 1946 from the Acting Under-Secretary of State for External Affairs with respect to the continuation on a reciprocal basis of the port privileges extended to Canadian halibut fishing vessels in Alaskan ports and to United States halibut fishing vessels in British Columbia ports were brought to the attention of the Department of State at Washington.

I am now informed, in reply, that the authority under which the United States has, since 1942, granted certain privileges in Alaskan ports to Canadian halibut fishing vessels is found in the Second War Powers Act of March 27, 1942. Under an Act of June 29, 1946 (Public Law 475, 79th Congress, 2d

Session) the pertinent provision of the Second War Powers Act and the amendments to the existing law made under such provision shall remain in force only until March 31, 1947, or until such earlier time as may be fixed by the two Houses of Congress by concurrent resolution, or by the President. Therefore, under present legislation the United States cannot extend port privileges in Alaskan ports to Canadian halibut fishing vessels beyond March 31, 1947.

The Department of State would be glad to recommend to the appropriate authorities of the United States Government that these privileges be extended to Canadian halibut fishing vessels until March 31, 1947, if the Canadian Government wishes to request the privileges for that period. It is, of course, possible that the applicable provision of the Second War Powers Act may be extended in effect beyond March 31, 1947, but the Department does not know at this time whether such action will be taken by Congress and, consequently, is not able to assure the Canadian Government that the Department will be in a position to request the appropriate authority of this Government to grant port privileges in Alaska to Canadian halibut fishing vessels for the 1947 season.

It is regretted that while the Department of State understands the Canadian desire to ascertain whether privileges in Alaskan ports will be extended to Canadian halibut fishing vessels in 1947 it is not in a position to give a definite reply at this time.

Sincerely yours,

LEWIS CLARK

PARTIE 3/PART 3

DÉFENSE/DEFENCE

SECTION A

SOVERAINETÉ DANS L'ARCTIQUE/SOVEREIGNTY IN THE ARCTIC

905.

DEA/50220-40

*Le représentant principal de l'armée américaine, CPCAD,  
au secrétaire, la section canadienne, CPCAD*

*Senior United States Army Member, PJBD,  
to Secretary, Canadian Section, PJBD*

Washington, April 30, 1946

Dear Mr. Macdonnell,

The US Army Air Forces, Air Transport Command, has requested authority of the War Department to institute a regular air transport service of three round trips per week as soon as a standard operating procedure can

be established between Meeks Field, Iceland, and Ladd Field, Fairbanks, Alaska (total distance 3,200 statute miles).

This service has been approved in principle by the War Department and the State Department, and clearance has been obtained from the Iceland Government.

This letter is written in order to request the concurrence of the Canadian Government. Will you kindly present this matter to the proper authorities and give me, as early as practicable, the concurrence of your Government? It is not expected that any Canadian airfields will be used in this regular service, but, of course, Canadian territory would be flown over.

The purpose of establishing this air transport route, which has been designated "Polaris," using three (3) B-29 airplanes, is as follows:

- a. To gain operation experience in the Arctic.
- b. To determine navigational difficulties and procedures for overcoming same.
- c. To investigate the reliability of communications.
- d. To analyze polar air masses.
- e. To study air mass circulation in Polar regions.

GUY V. HENRY  
Major General

906.

DEA/7-DA

*Mémorandum du secrétaire, le Comité de défense du Cabinet,  
au Comité de défense du Cabinet*

*Memorandum from Secretary, Cabinet Defence Committee,  
to Cabinet Defence Committee*

SECRET

[Ottawa,] May 3, 1946

## EXTENSION OF LORAN PROGRAM

1. The following extract from the Journal of the Permanent Joint Board on Defence, dated April 29th, 1946, is submitted for the consideration of the Cabinet Defence Committee:

"Major General Henry, Senior United States Army Member, presented a request that the Canadian government authorize the continuation until May, 1947, of the experimental program for low frequency Loran in Northern Canada initially set up to assist in air and ground navigation for Exercise Musk-Ox. A copy of his memorandum† is attached as an Appendix to the Journal. (copy appended hereto)

The Board noted that this program involved the operation of the present three transmitter stations at Dawson Creek, Hamlin and Gimli, continued

flights of the U.S.A.A.F. B-29 aircraft presently stationed at Edmonton and operation of the necessary monitoring stations as might be agreed upon between the Canadian and United States representatives. The present monitoring stations are shown below:

Yellowknife	}	—operated by R.C.A.F.
Norman Wells		
Edmonton		
Baker Lake		—operated by Canadian Army
Churchill	}	—operated by R.C.N.
Ottawa		
Fairbanks, Alaska		—operated by United States

Under present arrangements, the United States provides all equipment, the personnel to man the transmitter stations and the complete operation of the monitoring station at Fairbanks. Canada undertakes the operation of the remaining monitoring stations and messing, housing and transport of the United States personnel at the transmitter stations.

The Board agreed that the continuation of these joint tests of low frequency Loran was essential in that they were not only of the utmost importance in the development of long range aids to navigation but also valuable in the development of early warning systems, long range guided missiles, etc., and recommended approval of the United States request.

The Secretary of the Canadian Section undertook to transmit the United States request, along with the recommendation of the Board, to the Canadian government for consideration and decision and, in so doing, to stress the necessity of such decision being reached by May 15th."

E. W. T. GILL

907.

DEA/9061-A-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre des Transports*

*Under-Secretary of State for External Affairs  
to Deputy Minister of Transport*

IMPORTANT

Ottawa, May 4, 1946

I enclose two copies of a memorandum† left with this Department on May 1st by Mr. Lewis Clark, Counselor of the United States Embassy, proposing the establishment of Arctic weather stations. The immediate objectives are:

- (a) In 1946, or as early as practicable, a weather station central to the western Canadian Arctic archipelago.

- (b) In 1947, or as early as practicable, three weather stations on islands along the western portion of the Canadian Arctic archipelago.

In amplifying this memorandum, Mr. Clark explained that while the United States Government would be prepared to establish, maintain and operate these stations independently (and, indeed, were making such a proposal to the Danish Government with regard to a station in Greenland) they assumed that this would not be desired by the Canadian Government in view of its general policy of retaining control of establishments in Canadian territory. The United States Government would therefore be glad to cooperate along either of the following lines:

- (a) The United States to establish and to assist in maintaining the stations which would be under Canadian operation.
- (b) Canada to establish, operate and maintain the stations.

In either case, the United States would expect that Canadian technical standards would meet United States requirements and that United States personnel could be posted to the stations to acquire experience.

Mr. Clark emphasized that his Government wished to work out a programme on a fully cooperative basis and had no thought of interfering in any way with Canadian sovereignty. In view of the need for arriving at an early decision to permit of arrangements being made for supplies and personnel, he asked that the matter be treated as one of urgency. Finally, he said that technical representatives of the United States Departments concerned could come to Canada at short notice to discuss details of these proposals.

It appears to this Department that it would be unwise to allow these stations to be set up entirely under the control of the United States and that, on the other hand, the Canadian Government would not be justified in assuming the whole cost of the programme. Consequently, it appears desirable to work out a compromise under which Canada would retain operational control and make a contribution to the programme, while the United States would provide equipment, supplies and personnel. Before any final decision can be reached, however, it seems essential to have a meeting of technical officers from both countries.

I would suggest that the United States Embassy be informed that the Canadian authorities are prepared to give favourable consideration to these proposals but, before submitting the question to the Government, would like to have a meeting in Canada at an early date with United States officials. I should be glad to have your views and, if you agree, I should like to know the earliest date at which officials of the meteorological service could meet a group from the United States.

N. A. ROBERTSON

908.

DEA/9057-40

*Mémorandum du chef, la troisième direction politique,  
à la direction juridique*

*Memorandum from Head, Third Political Division, to Legal Division*

SECRET

[Ottawa,] May 6, 1946

## SOVEREIGNTY IN THE ARCTIC

A recent paper which has come to our attention prepared by an inter-departmental committee in Washington (the Air Coordinating Committee) indicates the interest displayed in some circles about establishing United States claims to sovereignty in the Arctic. The following extracts are from the report of the Standing Subcommittee on the Arctic:

(a) "*Region west of Grant's Land.* The region north of Prince Patrick Island and west of Grant's Land is largely unexplored, but several Arctic authorities believe that if any undiscovered islands exist north of Canada they lie in this area. Sir Hubert Wilkins, in searching by air for Levanevsky in March, 1937, reported 'ice islands' about 300 miles northwest of Prince Patrick Island and 'paleocrystic ice' at about latitude 84°, longitude 130°, with a lead 150 miles long in the ice, as evidence of nearby land. Reconnaissance flights from Alaska to these regions could doubtless settle the question.

A primary weather station on any newly discovered island in this vicinity would be a valuable source of information because of its proximity to the North Pole and it would serve as a communication point for trans-polar flights. It would, however, be very difficult to establish and maintain. Surface vessels have never reached this area and aircraft would have to fly comparatively long distances. Employment of gliders to establish and service the base would be desirable.

The sovereignty of newly discovered land in this area would require careful consideration by the State Department. Mr. Stewart, on June 10, 1925, in speaking before the Canadian House of Commons, definitely and officially stated the Canadian claims to include everything, known and unknown, west of the Davis Strait—Baffin Bay—Smith Sound—Robeson Channel—60th Meridian, east of the meridian that divides Alaska from Canada (141°W), and north of the Canadian mainland up to the Pole. The U.S. may not have recognized these claims."

(b) In discussing aircraft flights from Alaska-Canada-Greenland quadrant, it is stated that the following could be accomplished *inter alia*:

"Afford opportunity for experienced Arctic observers to study the condition of Arctic ice floes for possible evidence of undiscovered land. Only men who have walked over the ice, as well as flown over it, are qualified to obtain adequate data in this manner."

(c) The following recommendation is put forward:

*"Weather Station on possible Undiscovered Land in Canadian quadrant. (Discussion, Par. 11 d and 16.)*

*It is recommended* that the ACC ask the State Department whether reported Canadian claims of sovereignty over all known islands and lands that may be discovered in the sector west of Greenland and east of meridian 141 W. northward to the pole, have been officially asserted by that government and, if so, whether the official position of the United States would be to support any claims by this country if land is discovered and occupied by the United States west of Grant's Land, site '(d)' of recommendation #1.

If it is the policy of the United States to support such claims, *it is recommended* that the Army make flights over the unexplored area west and northwest of Grant's Land to determine whether (as many Arctic authorities believe) islands exist which might be claimed by the United States. In case new claimable land is found, *it is recommended* that the proper agencies of the Department of Commerce take action to establish a primary weather and magnetic station."

Obviously we shall have to examine carefully the whole question of Arctic sovereignty. In the meantime, it seems to me that two problems require immediate consideration and I should be grateful for your opinions:

(1) We are discussing with the United States the establishment of weather stations in the Western Arctic Archipelago. In view of the discussion mentioned above of whether the United States could claim sovereignty to newly discovered land in this region, I should like your view as to whether, if such land were newly discovered by a United States party, the United States could put forward a valid claim to it.

(2) We have been asked for permission for flights of U.S. Army aircraft between Iceland and Alaska. In view of the discussion mentioned above about looking for possible evidence of undiscovered land, should our permission be qualified in any way to rule out claims based on exploration? (The same question, of course, applies to (1) above.)

Arctic problems are coming more and more to the forefront and it can be anticipated that within the next few years there will be extensive programmes of northern exploration and development in which the United States will either be participating with Canada or will have been given permission to act independently. I am wondering whether, at the outset, we ought not to discuss the sovereignty question with the United States and endeavour to secure their agreement to our claims about Canadian sovereignty.

R. M[ACDONNELL]

909.

DEA/9057-40

*Mémoire de la direction juridique au chef, la troisième direction politique*  
*Memorandum from Legal Division to Head, Third Political Division*

SECRET

[Ottawa,] May 8, 1946

## SOVEREIGNTY IN THE ARCTIC

Further to our conversations of May 7th concerning the above, it is my view that we should not raise any question concerning our sovereignty in the Arctic in advance of necessity. I say this for two reasons:

(a) It would not be wise to indicate that we entertain any doubts with regard to our sovereignty;

(b) We should take steps to consolidate our knowledge of the position before inviting any conversations in the matter.

As suggested yesterday, it would seem that conversations should be had with Mines and Resources and with any other interested Departments with a view [to] ensuring that we have available in consolidated form all material relating to our position in that area.

E. R. HOPKINS

910.

PCO/C-20-2

*Extrait d'un mémorandum du secrétaire du Cabinet*  
*au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] May 10, 1946

The following items of particular concern to External Affairs were dealt with at the meeting of the Cabinet held on May 9th.

. . .

*3 Extension of Loran programme in Northern Canada*

The Cabinet approved the recommendation of the Cabinet Defence Committee on this subject, namely that the U.S. request for continuation until May 1947 of the joint experimental programme be accepted.

. . .

A. D. P. H[ENEY]

911.

DEA/9061-B-40

*Le secrétaire, la section américaine, CPCAD,  
au secrétaire, la section canadienne, CPCAD*

*Secretary, American Section, PJBD, to Secretary, Canadian Section, PJBD*

RESTRICTED

Washington, May 14, 1946

Dear Mr. Macdonnell,

I am writing to you with reference to the desire of the United States Navy Department to engage in certain Arctic operations (outlined below) in the territorial waters of Canada. The objectives of these proposed operations—which have been designated “Operations Nanook”—are (1) the training of U.S. naval personnel in Arctic operations, (2) the recording of detailed hydrographic, meteorological and electromagnetic propagation data, and (3) the conducting of other scientific investigations.

As you know, the United States Weather Bureau is interested in the establishment of Arctic weather stations in the Canadian Arctic Archipelago, and a further objective would be the provision to the United States Weather Bureau of operational and logistic support in the establishment of these weather stations if approved by Canada. It is, however, the desire of the Navy Department to conduct the Arctic operations described below regardless of Weather Bureau participation in the weather stations envisaged.

Since it is understood that the Canadian Government desires to supervise magnetic work in the area, any work of this nature undertaken by the United States will be performed under Canadian supervision. Accordingly, a Canadian observer qualified to make magnetic observations, with such assistants as necessary, will be invited to accompany the expedition. It is desired further to extend an invitation to two Canadian naval officers to participate as observers.

The approximate periods of projected operations will be from 1 July to 1 October in the years 1946 and 1947. It is planned to conduct such preliminary reconnaissance and investigation of land and sea areas in the Viscount Melville Sound-Lancaster Sound area as practicable during the summer of 1946, to aid in planning more extensive operations in the summer of 1947 and to obtain information of value to the operating forces relative to Arctic operations.

Captain Richard H. Cruzen, USN, will command the expedition. Ships and their commanding officers are listed below:

- CGC North Wind, U.S. Coast Guard Ice Breaker,  
Captain Richard Hoyle, USCG, Commanding
- USS Whitewood, Small net layer altered for Arctic duty,  
Lieutenant Commander William H. Daly, USN, Commanding
- USS Alcona, AK<sup>1</sup>  
Captain Robert J. Esslinger, USN, Commanding

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<sup>1</sup> Cargo.

<sup>1</sup> Cargo ship.

USS Beltrami, AK  
 Commander Gerald L. Ketchum, USN, Commanding  
 USS Atule, Submarine,  
 Commander John B. Maurer, USN, Commanding

If additional ships are designated at a later date, separate requests for diplomatic clearance will be submitted.

Shipborne aircraft will operate from at least two of the ships and will be used to conduct reconnaissance of ice conditions and to obtain data on flight operations in the Arctic.

I would appreciate it if you would bring this matter to the attention of the appropriate authorities as urgently as possible in order that the time schedule above-mentioned may be adhered to if this matter is approved. Should a meeting in Ottawa between Canadian and United States officials on the proposed weather station program be held, it would be arranged for Navy Department representatives to be present although, as above mentioned, it is our desire to carry out the operations outlined in this letter irrespective of decisions reached on the weather program.

Yours sincerely,

J. GRAHAM PARSONS

912.

DEA/9061-A-40

*Le ministère des Mines et des Ressources<sup>1</sup>  
 au chef, la troisième direction politique*

*Department of Mines and Resources<sup>1</sup> to Head, Third Political Division*

CONFIDENTIAL

Ottawa, May 20, 1946

Dear Mr. Macdonnell,

I have just received the minutes of the meeting held last Friday to discuss the United States proposals to establish weather stations in the Canadian Arctic. I realize, that as intimated at the close of the Canadian section of the meeting, these minutes are intended only to be a brief summary of what was said. I am, however, a trifle worried over the condensation of my own remarks about the question of sovereignty. It would appear that this has not been given sufficient emphasis in the minutes.

Following the meeting, while the matter was still fresh in my mind, I dictated the enclosed report for our Director, on page 5 of which are set forth the views I expressed in compliance with instructions given me before at-

<sup>1</sup>Le superviseur par intérim de l'est de l'Arctique, le bureau des affaires des Territoires du nord-ouest et du Yukon, la direction des terres, des parcs et des forêts.

<sup>1</sup>Acting Superintendent of the Eastern Arctic, Bureau of Northwest Territories and Yukon Affairs, Lands, Parks and Forests Branch.

tending the meeting. In transmitting my report to his Deputy Minister (Dr. Camsell), the Director added the following comment:

"We share your view that Canada should establish and operate any necessary stations even if U.S. official publications admit Canada's sovereignty. This looks like one of those defence(?) proposals that seem as though we were getting everything for nothing at the beginning and then we wake up after a while to find that the U.S. Senate has turned everything upside down and that the U.S. diplomats are back again to ask us to pay for work we could have done better and more cheaply ourselves."

I am furnishing you with this information in order that you may see that this Department takes a rather more serious view of the sovereignty aspect connected with the establishment of the proposed weather stations than appears in the official minutes of the meeting.

Yours very truly,

J. G. WRIGHT

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du ministère des Mines et des Ressources*<sup>1</sup>

*Memorandum by the Department of Mines and Resources*<sup>1</sup>

Ottawa, May 18, 1946

Yesterday I attended a meeting in Room 123, East Block, which convened at 3:00 P.M., to discuss with representatives of the United States Government a proposal to establish weather stations in the Canadian Arctic. Mr. R. M. Macdonnell of External Affairs was Chairman. Other Canadians present included Mr. A. Thompson, Assistant Controller, Meteorological Service and Mr. Kennedy of the same service; G/C Bradshaw and one other officer from the R.C.A.F., two officers and a civilian from the Canadian Navy; Mr. Moore, Department of Transport; Mr. J. M. Wardle, Surveys and Engineering Branch. The American representatives were Mr. L. Clark, Counsel[or], U.S. Embassy; Colonel Woods, Assistant Military Attaché, U.S. Embassy; Colonel Hubbard, Technical Adviser of the U.S. Weather Bureau; Mr. Moxon, Chief U.S. Weather Bureau; Captain Cruzen, U.S. Navy; and a Colonel representing the U.S.A.A.F.

Mr. Macdonnell outlined the purpose of the meeting which was apparently called on rather short notice and asked the Americans to state their case. Mr. Clark made a few introductory remarks and introduced Colonel Hub-

<sup>1</sup>Du superviseur par intérim de l'est de l'Arctique, le bureau des affaires des Territoires du nord-ouest et du Yukon, la direction des terres, des parcs et des forêts, au directeur, la direction des terres, des parcs et des forêts.

<sup>1</sup>From Acting Superintendent of the Eastern Arctic, Bureau of Northwest Territories and Yukon Affairs, Lands, Parks and Forests Branch, to Director, Lands, Parks and Forests Branch.

bard who, he said, had a very full grasp of the whole subject. (It will be recalled that Colonel Hubbard has been interested in this subject for some years and has made several trips to this office. It is understood he was largely responsible for getting the Bill through Congress covering the establishment of weather stations in foreign countries.) The remarks which follow are not verbatim and are intended only as a summary of what each speaker said.

Colonel Hubbard spent some time outlining the great need for additional weather stations in the Arctic. These are necessary to improve the forecasting service, particularly for the North Atlantic, to assist long-range forecasting, to provide essential information for any flying in the far north and for general scientific meteorological studies. The Russians have carried on extensive studies in this field on their side of the Polar Basin and it is highly desirable that something be done on the North American side. It was proposed to establish two main stations in the north which would provide a complete range of meteorological records including upper air studies. One of these would be at or near Winter Harbour, Melville Island, and the other would be at Thule, Greenland. In addition, he suggested three advance weather stations supported entirely by aircraft which would operate in conjunction with the main stations. One of these would be on north-west Banks Island, one on Prince Patrick Island and the other on the west side of Ellesmere Island, or possibly on Axel Heiberg Island.

The American Navy has offered to lay down all supplies and equipment at both Thule and Winter Harbour this summer and the Air Force has agreed to do the necessary flying including the installation and servicing of the advance stations. The Congress Bill authorizing the United States Weather Bureau to seek the co-operation of foreign governments in the establishing of weather stations did not provide any funds. However, there are some funds available in several appropriations during the present fiscal year and for the early part of 1947. After that the future is uncertain. The American authorities are anxious to use the available funds now when they exist. This is the reason for the urgency in deciding the issue at this time. The American Navy is ready to operate this season and put in the supplies and the Army Air Force is ready to start at once on reconnaissance flights to determine suitable locations. All supplies for this expedition must be ready by July 1, hence the reason for haste.

*Mr. Moxon (Weather Bureau)* The U.S. Weather Bureau is all for co-operation and would be glad to see the proposed venture undertaken as a joint operation. The main use of the Arctic weather stations would be in the science of meteorology and extending the term of weather forecasts.

*Mr. Macdonnell* What reason is there for doing this now rather than in 1948 or 1950?

*Col. Hubbard* Funds are available now and everyone agrees on the desirability of more stations in the Arctic. We now have the support of the U.S. Army and Navy and opportunity is knocking; the Budget situation for the future is uncertain.

*Mr. Clark* The international political situation at the present time is important. Those on the other side of the Arctic are very active. Because of this we can get funds at the present time and later this may not be possible.

*Dr. Thompson* Such stations would be of great value to meteorology but not necessarily of immediate value for forecasting in the south. They would be good for trans-polar flights and local flying and, possibly, for trans-Atlantic flights.

Are the staff and suitable instruments available for such an extensive project?

*Col. Hubbard* The first year would be largely experimental. The start would be made as a sort of beach-head for the whole operation based on experience gained at existing northern stations. The Melville Island station would require ten men consisting of an Officer in Charge; three meteorologists; two forecasters; two radio operators; one mechanic; one cook. The three advance stations would require a total of 80 tons to be flown in by air to outfit them for the first eighteen months. The staff at each advance station would consist of two meteorological and two radio men and one cook.

*G/C Bradshaw (R.C.A.F.)* expressed some differences of opinion in regard to the weight of supplies required for each station supported by air. He said the movement of aircraft in the Arctic was controlled by weather forecasts. Trimetrogon photography in the Arctic will depend largely on such forecasts. In the past, many flights have been useless because the weather was unsatisfactory for photography when the plane reached the scene of action.

*Dr. Thompson* We know little about Arctic meteorology. The proposed stations would provide basic information. Can the United States get the personnel?

*Col. Hubbard and Mr. Moxon* We have many war-trained men available.

*Mr. Macdonnell* Can you give us any budgetary figures?

*Col. Hubbard* A Bill has now passed Congress and is on the President's desk authorizing \$265,000 in the next two months. The Weather Bureau also has some funds, probably \$100,000, for salaries. War supplies and equipment will be made available without cost. The Navy will contribute the transportation of equipment and supplies and the Seabees will do the construction.

*Capt. Cruzen (U.S.N.)* The U.S. Navy is carrying on cold weather research and is sending ships to the Arctic for this study. Vessels have recently been operating off the coast of Greenland and propose to enter Baffin Bay. These studies require weather service to operate efficiently. For establishing the two main weather stations it is proposed to use two cargo ships, 7,000 tons each, an ice-breaker, a small aircraft carrier, and a submarine.

*Col. Woods* Colonel Woods travelled with "Operation Musk-Ox" and saw Captain Larsen of the *St. Roch* at Cambridge Bay. Captain Larsen expressed the opinion that he could take the *St. Roch* to Viscount Melville Sound any summer.

*U.S.A.A.F. rep.* B-29's would be used for reconnaissance and photography and C-54's for supplies. Catalina's for sounding and scouting for sites. These planes would operate from Alaska. For work on the Thule station the planes would operate from U.S. bases in Greenland. There will be a formal request for R.C.A.F. representatives to accompany the flights in the Canadian Arctic. The United States would look after all air rescue work.

Colonel Hubbard suggested Bellanca planes for scouting for landing sites for large planes.

*Mr. Macdonnell* What steps would be taken immediately if the project were approved by Canada?

*Col. Hubbard* There are only forty-five days in which to carry out all procurement. They would start Monday. The ships would have to be loaded and get to Melville Island about August 20 to get the station built and the ships out by about the first week in September. Weather observations would start about six weeks afterwards. The Air Force would fly reconnaissance before the ice fails this spring, that is, at once, covering north-east Banks Island, Prince Patrick Island, and Grant's Land, studying the topography, lakes, beaches, etc., for suitable sites for the weather stations. In August it would be possible to get in by ship and make more intensive studies of the potential sites selected. If Canada can supply the personnel for these weather stations it would be satisfactory.

*Mr. Davis (R.C.N.)* thought there should be an ionosphere station at Winter Harbour.

*Col Hubbard* agreed but thought that this would not be possible this year. Radio Communications from Winter Harbour would go through Fairbanks. The Thule station would communicate by beam radio through Winter Harbour.

There followed a lot of technical discussion about the methods of equipping and operating the stations and about 5:00 P.M. Mr. Macdonnell closed the discussion by thanking the Americans for their very able presentation of the subject. He pointed out that as this subject had come up very hurriedly, Canada would require a little time to study the matter. He promised as prompt a reply as possible. He asked the Canadian representatives to remain for a further discussion after the Americans left.

The Canadian session lasted from 5:00 to 6:00 P.M. and Mr. Macdonnell called for an expression of views. I stated that while I had said nothing on the matter while the Americans were present, the Northwest Territories Council was concerned about the aspect of sovereignty in these remote sections of the Canadian Arctic Archipelago since most of these stations were going to areas where our claims on the basis of actual occupation were very weak. The sector principle on which our claims are largely based has never been accepted internationally and the Council has always taken the view that any projects involving residence in these northern areas should be operated by Canada. In the case of The Arctic Institute of North America

we had decided to erect the necessary research stations ourselves so that we would have the complete control over foreigners using them. In the case of the American air bases in the Arctic, Canada recently spent some \$31,000,000 presumably to extinguish any American rights and it would seem rather unwise from the point of view of sovereignty to authorize the Americans to enter into independent occupation of these weather stations. It was felt that the stations should at least be manned and operated by Canadians as part of a co-operative effort even although the United States might be permitted to contribute a large part of the cost of the project.

G/C Bradshaw hoped that the project would not be turned down on the basis of the sovereignty question as he felt there was very great need of these stations for air activity in view of the rather disturbing political situation at the present time. Dr. Thompson also hoped that the project could be gone ahead with but doubted very much as to whether Canada could find sufficient qualified personnel to man the stations. I suggested that if we scraped the bottom of the barrel and secured the co-operation of the Meteorological Service and the Army, Navy and Air Force, we could surely get enough technicians to take care of the matter. I felt that the sovereignty question should be definitely kept in mind in reaching any decision on this project.

It was decided that Dr. Thompson would obtain further particulars from his American confreres in the evening in regard to the nature of the personnel which would be required and report back to Mr. Macdonnell this morning. Mr. Macdonnell would have brief minutes prepared of the meeting and a draft of the proposed reply to the Americans for circulation to the various departments interested. Each department would be asked to express their opinion on the proposed draft before it was submitted for the consideration of the Cabinet.

J. G. WRIGHT

913.

DEA/9057-40

*Mémoire du chef, la troisième direction politique, au sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum from Head, Third Political Division, to Associate Under-Secretary of State for External Affairs*

[n.d.]

There is attached a paper which the Army has done on sovereignty in the Arctic. I understand that it is largely the work of General Spry. This paper is to be considered by Cabinet Committee when the question of Arctic weather stations is discussed along with the paper prepared by this Department.<sup>1</sup>

<sup>1</sup> Voir le document suivant.

<sup>1</sup> See following document.

I am in agreement with the conclusions in paragraphs 27 and 28, although I am afraid that the Government may regard them more as "ideal" than as "working" solutions. If Canada provides the real estate, the fixed installations and the administration of northern defence projects, leaving to the United States the provision of equipment and supplies, it will give us some voice in the course of events. Otherwise, we will be faced with very strong pressure from United States to allow them to move in and do as they please. Unfortunately, even the relatively modest "recommended working solution" is likely to involve heavy expenditures which will increase as the years go by unless the international situation improves. The decision is essentially a political one, but I should say that the Government's wartime policy (which dates from about the beginning of 1944) of accepting financial and other responsibility for United States defence projects in Canada has met with general approval.<sup>1</sup>

R. M[ACDONNELL]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du ministère de la Défense nationale  
au Comité de défense du Cabinet*

*Memorandum from Department of National Defence  
to Cabinet Defence Committee*

SECRET

[n.d.]

SOVEREIGNTY IN THE CANADIAN ARCTIC IN  
RELATION TO JOINT DEFENCE UNDERTAKINGS

INTRODUCTORY

1. The United States Government have recently requested Canadian approval for an Arctic Weather Station programme which they have put forward. This and other US proposals in connection with defence may involve the question of Canada's claim to sovereignty over territories lying within the "Canadian sector" of the Arctic.

<sup>1</sup>La note suivante était annexée à ce mémorandum:

<sup>1</sup>The following note was attached to the memorandum:

In glancing through the memorandum I am inclined to think Spry underestimates the amount of action taken in the past to fortify Canadian claims in the Arctic. ODS<sup>2</sup>, with the Interior Dept., gave the matter a lot of attention, say from 1925 to 1930. The Minister of the Interior made a public statement about 1925 claiming the sector to the Pole; the Canadian Government made a saw-off with Norway<sup>3</sup> by which we pensioned their Capt. Sverdrup and they accepted the view that the Sverdrup Islands are Canadian<sup>4</sup>; and there was a lot of activity by R.C.M.P. and Post Office and Interior in setting up posts on Ellesmere Island, touring the country and making U.S. explorers get permits.

M. MCK[ENZIE]

<sup>2</sup>O. D. Skelton, sous-secrétaire d'État aux Affaires extérieures de 1925 à 1941.

<sup>2</sup>O. D. Skelton, Under-Secretary of State for External Affairs from 1925 to 1941.

<sup>3</sup>Voir le volume 4, pp. 947-979.

<sup>3</sup>See volume 4, pp. 947-979.

<sup>4</sup>Note marginale:

<sup>4</sup>Marginal note:

They declined to accept the sector theory, I see.

The various proposals which have to date been advanced fall into two distinct categories, i.e.,

(a) *Establishment in the Arctic or Sub-Arctic of static installations.*

These include installations such as those contemplated in the Weather Station programme, or installations such as might be developed in conjunction with the proposed Arctic Experimental Station based on Churchill.

(b) *Proposals to carry out manoeuvres or training exercises by United States troops on Canadian territory.*

Permission has been requested for 500 US Army troops to conduct a training exercise during the coming winter under sub-Arctic conditions in some training area similar to Shilo. The most recent request is for a clearance to permit the landing of a party of approximately 28 US Marines for a period of about one month during the summer of 1946 in the vicinity of North Devon Island, in connection with Operation NANOOK.

#### OBJECT OF THIS PAPER

2. This paper briefly considers the possible effect of such proposals on Canadian sovereignty over her Arctic Territories, in order to determine how United States requirements in the Arctic may best be met without consequent infringement of sovereignty.

#### NATURE OF SOVEREIGNTY CLAIMED

3. Sovereignty itself may be roughly defined as power, right or authority over a clearly defined and delimited area. In the case of the Canadian Arctic definite sovereignty is asserted, in right of Canada, over all known land masses and islands within the "Canadian sector" of the Arctic. However these claims are largely based either on contiguity to continental Canada, or on original discovery and exploration, (principally by British explorers). Due to the desolate nature of the areas in question, these claims have little support on the grounds of effective occupation, settlement or development. Thus, while Canada's claims to sovereignty to these regions have not heretofore been seriously challenged, they are at best somewhat tenuous and weak.

#### POSSIBILITIES OF FOREIGN INTRUSION

4. However, the fact that these claims have not been seriously challenged in the past does not mean that this fortunate situation will continue indefinitely into the future. In the past these regions represented little but empty space, and their very isolation preserved them from any significant intrusion. Today they have become suddenly transferred into regions of strategic importance, not to Canada alone but to such great powers as have frontiers within the Arctic circle. At the same time it should be borne in mind that the Canadian Arctic represents only a relatively small sector of the entire Arctic regions. The larger part of the remaining area lies within a "sector" based on the continental land mass of one other great power.

5. Moreover, the strategic importance which these regions have assumed is not of a purely military nature alone. The Arctic seems destined to become a crossroads of strategic international civil air routes, which may in itself stimulate the commercial exploitation of latent resources in this area.

6. From the military standpoint, the strategic value of the Canadian Arctic is not significant only from the standpoint of the defence of the North American continent. Its strategic value would certainly be given full recognition in any designs which may be made by a great power developing hostile intentions against this continent. It is not unreasonable, therefore, to anticipate that, even in peace-time, attempts may be made by foreign interest to gain foot-holds (perhaps on a commercial basis) within this region, or to secure information of military value.

7. Thus commercial developments consequent upon civil aviation activities may lead to foreign intrusion. For to the extent that commercial flying over this area increases, and commercial development is stimulated, so will there be a corresponding requirement for the establishment of facilities of one sort or another in these hitherto neglected regions. It is not outside the range of possibility that the growing need for such facilities might be seized upon by a foreign power as a pretext for making demands for right of entrance into the Canadian Arctic or for the establishment of settlements or for other concessions. While ostensibly such undertakings would be for purely civil or commercial purposes, once they were established they could readily be exploited for military purposes connected with possible offensive designs.

8. A further possibility of foreign intrusion lies in the fact that although Canadian sovereignty is assumed over the entire "Canadian sector" of the Arctic considerable portions of this theoretical "sector" remain totally unexplored. With the development of Arctic aviation and the employment of radar search methods there is a possibility that hitherto unknown islands may be discovered within the Canadian sector by a foreign power, and claim laid to them by right of discovery and primary occupation. Canada might, in this case, find it most difficult to successfully contest such claims.

9. Moreover, even in the case of islands in the Canadian Arctic Archipelago already discovered and at least partially charted, it cannot be assumed that Canada's claims to sovereignty will continue to go unchallenged. It is true that the United States tacitly acknowledges Canadian sovereignty over these discovered islands, as implied by the considered and consistent practice of the United States Government in employing, in official correspondence with the Canadian Government, such terminology as "the Canadian Arctic Archipelago".

10. However, it does not follow from this that another great power possessing strategic interest in Polar regions would under all circumstances necessarily accept Canada's claims. Any step which would constitute a clear-cut and initial compromise of Canadian sovereignty in the Arctic, such as a real intrusion of the United States might be made the occasion of similar claims or demands by another great power.

11. Thus it is of great importance that Canada should carefully safeguard her sovereignty in the Arctic at all points and at all times, lest the acceptance of an initial infringement of her sovereignty invalidate her entire claim, and open the way to the intrusion of foreign interests of a nature which might create an ultimate threat to national security. At the same time it should not be forgotten that the Canadian Arctic is an integral part of the North American continent and her exclusive claims to sovereignty must be fitted into the overall requirements of continental security and defence. This Arctic area is considered as vital to the United States as a defence frontier as to Canada, and its military security requires closely coordinated action.

12. It follows from this that essential facilities must be permitted to the United States to enable them to practise during peace-time the tasks which it may be jointly agreed they would undertake in war. Such facilities involve not only the establishment of static installations of a military or quasi-military type, but also the conduct of military exercises and manoeuvres on Canadian territory in the Arctic.

13. However, careful attention should be given to the form in which such permission is granted and to the manner in which such undertakings are carried out. The introduction of foreign permanent establishments (even those of the United States) would be attended by a consequent weakening of Canada's sovereignty,—a contingency which cannot be accepted in view of the corresponding weakness of military security which would result.

14. The problem is thus seen to devolve into finding a suitable *modus operandi*. This must permit the granting of essential facilities and rights to the United States, without any consequent infringement of Canadian sovereignty of a nature which would give an opening to another power (not associated with Canada in the defence of the North American continent) to make similar demands.

15. The solution appears to lie in the application of the principle of regional defence, in consonance with the spirit of the UNO Charter, to such concessions as may be granted to the United States. At the same time Canada should retain title and control of all military establishments on her own soil, and the "joint" nature of all cooperative undertakings should be given due emphasis at all times. This should effectively debar similar demands which might be preferred by another power, as the fundamental basis of agreed arrangements with the United States in North American continental defence, which is by its nature exclusive.

16. It must, however, be admitted that joint defence undertakings for the purpose of regional defence may impose a heavy financial burden upon Canada. The United States will not easily be deterred from putting forward demands for the establishment of whatever military installations she deems necessary in the interest of her own vital security, on a scale more suited to her vast resources and scale of operations than to Canada's. It can therefore be anticipated, that in the interest of maintaining friendly relationships

with the United States, and thus safeguarding her own sovereignty, Canada will be forced by gradually increasing pressure to accept financial and manpower commitments which may be considerably above the scale of what is considered to be necessary from the standpoint of Canadian defence alone.

#### FUNDAMENTAL PRINCIPLES FOR MAINTAINING CANADIAN SOVEREIGNTY

17. To summarize the foregoing argument:—it may be laid down as a general principle, that, if continuance of Canadian sovereignty over her Arctic territories is to be guaranteed, no foreign military or quasi-military installations should be established in peace-time within such territories.

18. In view of the weakness of Canadian claims to this region, this principle should be applied consistently even to a power with which Canada may share relationships of a most friendly and enduring nature, such as the United States. In any concessions which may be made the greatest care should be taken to fully safeguard Canadian sovereignty, as otherwise another great power may be presented with sufficient and justifiable grounds for pressing similar demands.

19. However, Canada can no longer reasonably expect to maintain her Arctic territories in state of vacuum, and hope at the same time to preserve her sovereignty over them in absentia. If her somewhat tenuous claims to these territories is to be guaranteed in the face of the direct and urgent interest which the United States has expressed in the development of facilities in this region considered by her to be essential, then it follows that she must be prepared to carry out such development by herself or with a calculated degree of assistance. In brief, Canada must now either herself provide essential facilities and services in her Arctic territories or provide them cooperatively, or abandon almost all substantial basis to her claims upon them.

#### THE THEORETICALLY IDEAL SOLUTION

20. A continued guarantee of Canadian sovereignty over her Arctic territories may thus entail the satisfaction of legitimate demands for the development in these regions of essential facilities and services. Insofar as probable United States requirements are concerned, it may be safely anticipated that these will involve weather stations, early-warning systems, and possibly military air bases.

21. The Canadian Government has already indicated that it desires to be presented with a coordinated picture of United States requirements in the Far North. This is being compiled in the form of a schedule of tasks and annexes now being developed by the Canadian-United States Joint Planners. This plan, if and when it is approved by the two governments concerned, will then represent those developments considered as "essential".

22. However, it may well be that the provision of such essential facilities in Canada will be so heavy a burden as to be literally beyond purely Canadian resources.

23. If such is the case, the ideal solution, as outlined above will not be feasible.

#### RECOMMENDED WORKING SOLUTION

24. This raises the question of the extent to which a compromise with the ideal may be possible, which being based on a cooperative undertaking would still eliminate any actual foreign intrusion of a nature which would constitute an invasion or infringement of Canadian sovereignty, and would at the same time offset possible demands by a power other than the United States.

25. If United States requirements are to be effectively met on the basis of cooperative undertakings this should be done in the form of joint defence measures. The nature of certain of the proposals already made, (and those anticipated) precludes the possibility of maintaining the fiction that they are purely "scientific" or "research" programmes.

26. It is suggested that measures such as those proposed should be frankly carried out as part of a Canada-United States Joint Defence undertaking constituting a regional defence arrangement within the framework of the United Nations Organization. To this end, an appropriate statement based on Recommendation Thirty-Five of the Permanent Joint Defence Board (when ultimately approved) should be tabled with the Security Council of the UNO. This would make it clear that such Joint Defence measures were intended as a contribution to world peace and were being placed under the aegis of the UNO.

27. However, at the same time, Canadian sovereignty in the Arctic should be carefully safeguarded by the adoption of the following principles and their consistent practice.

##### (a) *In the case of Static Installations*

(i) Should any base or military or quasi-military establishment be set up in the Canadian Arctic at the request of the United States, full title and control should be retained by Canada, and this fact should be well publicized.

(ii) While acceptance of United States facilities and equipment and the assistance of United States technical personnel might be necessary in order to establish and develop such projects, a majority of the personnel employed should be Canadian.

##### (b) *In the case of Troop Manoeuvres and Exercises*

(i) Before any body of United States Army, Navy or Marine Forces are allowed to conduct manoeuvres or training exercises or given right of transit upon or through Canadian territory, specific permission should be obtained of the Canadian Government in every instance.

(ii) Such exercises should, in every case, be of a joint nature even though Canadian representation is largely in token form.<sup>1</sup>

<sup>1</sup> Note marginale:

Some of the "tokens" may not be very convincing. R. M[ACDONNELL]

<sup>1</sup> Marginal note:

(iii) Due emphasis should be paid in public statements to their "joint" nature.

28. In the specific case of the Arctic Weather Station programme, for which approval is now requested by the United States, it may be necessary in the initial stages to make very considerable use both of United States facilities and equipment and United States technical personnel in order to establish them. However, from the very first a certain number of Canadian personnel should be included, and United States personnel should be gradually replaced by Canadian personnel until United States personnel represent a minority.

914.

DEA/7-DA

*Mémoire du ministère des Affaires extérieures  
au Comité de défense du Cabinet*

*Memorandum from Department of External Affairs  
to Cabinet Defence Committee*

SECRET

[Ottawa,] May 30, 1946

UNITED STATES PROPOSALS FOR AN ARCTIC WEATHER STATION PROGRAMME

1. On May 1st, the United States Embassy left with this Department a memorandum requesting Canadian approval for an Arctic Weather Station programme. The objectives of this programme are:

(a) "The establishment by means of surface ships and with air support as necessary, during 1946 or at as early a date as practicable of a weather station central to the Western Canadian Arctic Archipelago; this station to require an initial basic weather station staff of ten persons, with provisions for not more than ten attached specialists and additional provisions for transients engaged on specific operations as below; and to consist of housing and camp keeping facilities, meteorological parts, radio equipment and aviation supplies.

(b) "The establishment by means of air transportation and by surface shipping or other means as may be found practicable, during 1947 or at as early a date as practicable, of three weather stations on islands along the western portion of the Canadian Arctic archipelago. These stations are to require a basic weather staff of five persons with provisions for not more than five attached specialists; and to consist of necessary housing and camp keeping facilities, meteorological parts, radio equipment and aviation supplies.

2. The memorandum stated that it is the view of the Department of State that the establishment of the proposed Arctic Weather Stations is necessary to improve weather forecasting in the United States, Canada and the North Atlantic area generally, for domestic purposes and for international civil aviation activities and also for the purpose of meeting the requirements of the Service Departments of the two Governments.

3. On May 18 a meeting was held in Ottawa of Canadian and United States representatives to discuss these proposals. Mr. C. J. Hubbard, (U.S.A.), who has been credited with stimulating interest in the Arctic in both the Weather Bureau and in Congress, outlined the plan in some detail. It is proposed that two main stations be established one in Greenland and one in Canada, the Canadian Station to be on Melville Island close to Winter Harbour. Small advance stations would be placed on Banks Island, Prince Patrick and on either Ellesmere or Axel Heiberg. He estimated that \$465,000.00 would be required annually to finance the project. Sufficient funds are now available in the United States to carry out this year's plan. The United States Weather Bureau has available more than enough trained personnel to man all the proposed stations.

4. If the main station of Melville Island is to be established this year, ships must be ready to sail not later than July 15. Before that time aerial reconnaissance would have to be carried out in the general area where the stations would be set up. Owing to this difficult time table, the United States is pressing for an early answer to their proposals.

5. The United States recommendations have been discussed by representatives of the Departments of Mines and Resources, Transport, National Defence (Naval Services, Army and Air) and External Affairs. The Department of Mines and Resources has expressed considerable concern about adequate guarantees of Canadian sovereignty in areas where our claims on the basis of occupation are very weak. They feel that it would be advisable to have as large as possible a representation of Canadian personnel on the weather stations although the Department of Transport believes that it would be difficult to find on short notice more than very few meteorologists trained for this work. All Departments are agreed on the advisability of more complete weather information in the Arctic where heretofore there has been almost complete ignorance of meteorological phenomena.

#### *A. Advantages of the United States Plan*

1—It would supply meteorological information which is needed now for civil aviation.

2—It would supply meteorological information which will be needed in the future should any of the Service Departments undertake exercises in the far North.

3—Weather Stations in the Arctic would supply a base from which general topographical and other information on the Arctic could be gained; at present much of this area is little known or not known at all.

4—Canadian occupation of the Arctic areas would forestall encroachment by foreign powers.

#### *B. Disadvantages of the United States Plan*

1—Should the United States carry out their programme without Canadian participation, Canadian sovereignty might be diminished if not endangered by:

(a) claims by the United States to territory which is assumed to belong to Canada under the Sector Theory.

(b) claims to air rights on the basis of development: such claims were widely voiced in the United States when that country built airfields in Canada during the war.

2—Extensive Canadian collaboration in the plan would involve considerable expense.

### *C. Possible Courses of Action*

1—Approval might be given for the United States to carry out all of its programme alone. This would appear to be undesirable on the grounds of sovereignty.

2—Canada might offer to undertake the entire programme herself. The great expense involved would appear to make this impracticable.

3—Canada might refuse permission to the United States to undertake the programme. If this were done the obvious need for further meteorological information in the Arctic as well as the present active interest in this area would probably result in strong pressure from the United States which would be difficult to ignore.

4—The United States might be informed that Canada wishes to defer action until the Joint Planning Groups established by the P.J.B.D. are in a position to make recommendations on all phases of collaboration between the United States and Canada. It should be noted here that if a decision is not given in a short time, it will be impossible to carry out any part of the programme during 1946. Both for budgetary reasons and because of current public interest in the Arctic which is in part attributable to the international situation it would appear to be more difficult for the United States to start the programme in 1947 than now. Deferring a decision at this time would therefore have many of the disadvantages of refusing the United States permission to carry out any of the programme at all.

5—Approval might be given immediately for the United States to carry out this programme with the stipulation that it should be a joint project with the participation of as many Canadian experts as can be made available by July 15. Although only a token number might be available, it would make it easier for Canada to insist on equal representation from the two countries in 1947. Such a compromise proposal would not involve Canada in as much expense as the assumption of entire responsibility for the programme, but would safeguard the Canadian interest. It would also give the Department of Transport time to find and train skilled meteorologists before next year. During the coming months, the Service Departments could explore means of cooperation in the programme by such measures as the provision of ships or aircraft which would increase Canadian participation without assuming liability for a greater share of the expenses than we could reasonably bear.

6—The Department of Transport, the Departments of National Defence, (Naval Services, Army and Air) and this Department recommend that course

of action No. 5 should be adopted. The Department of Mines and Resources also agrees to this recommendation subject to the following provisions:

the stations should be recognized as Canadian established under a co-operative effort, with the United States furnishing equipment and undertaking construction on the understanding that no vested interest or claim for reimbursement is thereby established by the United States;

United States personnel may be used with the distinct understanding that they are to be replaced by Canadians as soon as such become available;

the annual cost of maintenance should be shared on a basis determined by the relative advantages to both countries;

foreign scientists on the stations would be subject to the ordinances of the Northwest Territories;

in the event of the United States withdrawal Canada reserves the right to discontinue the stations or operate them on a reduced scale.

The Department of Mines and Resources also suggests that a clear and definite understanding should be made that the establishment of the stations does not affect Canadian sovereignty. The United States has repeatedly given the oral assurance that Canadian sovereignty is not, and will not, be questioned because of the establishment of these stations. It is, therefore, the view of this Department that it would be unwise to insist on a formal assurance of respect for Canadian sovereignty in this area at this time lest it give any indication of doubt on our side of the validity of our claim to any part of the undeveloped lands in the Canadian sector.

915.

DEA/7-DA

*Mémorandum du secrétaire, le Comité des chefs d'état-major,  
au Comité de défense du Cabinet*

*Memorandum from Secretary, Chiefs of Staff Committee,  
to Cabinet Defence Committee*

TOP SECRET

[Ottawa,] June 3, 1946

P.J.B.D.; UNITED STATES REQUEST TO ESTABLISH  
AIR TRANSPORT BETWEEN ICELAND AND ALASKA

1. In accordance with the direction of the Cabinet Defence Committee at their meeting of May 8th, 1946, the Chiefs of Staff, at their meeting of May 21st, 1946, discussed the United States request to fly over Canadian territory in the establishment of an air transport service between Ladd Field, Fairbanks, Alaska and Meeks Field, Iceland.

2. They considered that, since these proposed flights would be primarily concerned with gaining experience in the operation of long range aircraft in the Arctic and the investigation and analysis of matters relating thereto, the establishment of this air route would prove advantageous in the de-

velopment of Arctic flying and therefore, Canadian interests would benefit by experience gained by the United States in this field. Since, in the past, it has been considered that exercises conducted in the North have been over-publicized, they considered it advisable to curb publicity on these proposed flights as much as possible.

3. The Committee therefore recommends to the Cabinet Defence Committee

(a) that permission be given to the United States to fly over Canadian territory on the proposed flights between Ladd Field, Fairbanks, Alaska and Meeks Field, Iceland;

(b) that, as far as practicable, these flights should be regarded as a matter of routine and publicity restricted to a minimum; and

(c) that the United States authorities be advised that Canada would welcome the opportunity to have observers participate in these flights, as experience gained in this field would be of considerable mutual benefit.

J. W. C. BARCLAY  
Acting Lieutenant-Commander

916.

DEA/9061-A-40

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

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

Washington, June 5, 1946

Dear Mr. Wrong,

I have received your letter of June 1st† with the memorandum for the Cabinet Defence Committee on the United States proposals for an Arctic weather station programme, which I have read with much interest.

From every political point of view I should think it would be desirable that the Canadian Government construct, finance and maintain all meteorological stations on its territory which it considers to be required. The memorandum states that the great expense involved would appear to make this impracticable. I am unable to comment on this because there are no figures in the memorandum as to what this amount would be. All that is given is an estimate that \$465,000 would be required annually to finance the project; that is, I suppose, to maintain the stations when they are constructed. No amount for capital cost is suggested.

I think that the preoccupation of the Canadian authorities with the effect on Canadian sovereignty in the area in question of a programme carried out by the United States, or even jointly by the two governments, is wise and

understandable. I am wondering whether we could not take advantage of the present situation to secure from the United States Government public recognition of our sovereignty of the total area above our northern coasts, based on the sector principle. The memorandum feels that this is not necessary, and even possibly inadvisable, because insistence on a formal assurance of respect for Canadian sovereignty might indicate doubt on our side of the validity of our claim to such sovereignty. Without attempting to insist on anything, I think we might persuade the United States authorities that it would be in their own interest at this time to reinforce our claim to the area under the sector principle. Their hesitations in the past have been inspired, no doubt, by a feeling that they might conceivably wish at some future time to occupy some of this area themselves, or at least to establish certain facilities thereon, which would be more difficult if our sovereignty had been formally recognized by them. Nevertheless, it might be pointed out to them that, as long as this question remains undetermined in international law, there is always the possibility of some other country, notably Russia, establishing meteorological and other stations in that area on islands that have not been used or occupied by any other country. An open and formal statement on some suitable occasion by the United States that Canada's sovereignty over this area is recognized might remove the possibility of such a contingency; or at least make it more difficult to bring it about. The deterrent effect that this would have on other states would, it could be argued, be of much greater value to the United States than keeping the position uncertain because of a possible desire on its own part to exploit that uncertainty in the future. I feel that if I were authorized to mention this matter informally to the State Department there would be a good possibility of prevailing on them to adopt this view and take the necessary action. If you agree, therefore, I would be glad to try this on an entirely exploratory and informal basis. If it were done in this way, I do not see that we would have anything to lose and there might be something to gain.

Yours sincerely,

L. B. PEARSON

917.

DEA/50220-40

*Le secrétaire, la section canadienne, CPCAD, au représentant principal  
de l'armée américaine, CPCAD*

*Secretary, Canadian Section, PJBD, to Senior United States  
Army Member, PJBD*

Ottawa, June 8, 1946

Dear General Henry,

In your letter of April 30 you enquired whether the Canadian Government would concur in a proposal that the United States Army Air Forces institute a regular air transport service between Iceland and Alaska.

I am now able to inform you that the concurrence of the Canadian Government has been given. The Government regard it as desirable, however, that the flights be treated as a matter of routine and that publicity be kept to a minimum.

In addition it would be appreciated if an opportunity could be provided for the participation of Canadian observers in the flights in order to gain experience of mutual benefit.

Yours sincerely,

R. M. MACDONNELL

918.

PCO/C-20-2

*Le secrétaire du Cabinet au président, le Comité des chefs d'état-major*  
*Secretary to the Cabinet to Chairman, Chiefs of Staff Committee*

SECRET

Ottawa, June 14, 1946

Dear Air Marshal Leckie,

Among the items dealt with by the Cabinet at their meeting of June 12th, the following decision is of interest to the Chiefs of Staff:

*Canada-U.S. joint defence; U.S. request for Arctic weather stations*

The Secretary presented a request submitted through the U.S. Embassy for permission to establish an Arctic weather station at Melville Island in the Canadian Arctic, as the initial part of a programme developed by the U.S. The second part called for the establishment, during 1947, of three small advance stations in the Canadian Arctic Archipelago.

The Cabinet Defence Committee had considered the proposal and had favoured delaying decision until next year. If, however, the U.S. government pressed the matter, the Committee had recommended that the government authorize the U.S. to proceed, subject to the following conditions:

(a) that the project should be recognized as a joint undertaking carried out under civilian rather than military auspices, and that the United States furnish equipment and accommodation;

(b) that the majority of personnel employed in the operation be Canadian and, if these are not available in the numbers required, that U.S. personnel be used with the understanding that they may be replaced by Canadian [personnel] as soon as such become available;

(c) that Canada should have the right to take over the installations at any time upon payment of the cost involved;

(d) that U.S. personnel on the stations be subject to the ordinances of the Northwest Territories, and that the requirements of the Department of National Health and Welfare for the protection of the health of the Eskimos be met; and

(e) that this authority be regarded as a temporary one, and that the whole matter be subject to review in conjunction with the joint Canadian-U.S. defence plan.

The Cabinet, after considerable discussion, agreed to defer a decision in this matter until the next regular meeting.

I am sending copies of this letter to the Chief of the General Staff and the Chief of the Naval Staff for their information.

Yours sincerely,

A. D. P. HEENEY

919.

DEA/9057-40

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

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

Washington, June 18, 1946

Dear Mr. Wrong,

I have just received your letter of June 13th<sup>†</sup> forwarding a copy of a letter<sup>1</sup> you have sent to the Minister of National Defence dealing with my suggestion that the United States might unilaterally agree to issue some declaration confirming their recognition of Canadian sovereignty in our Arctic territories. I fully appreciate the difficulties and possible disadvantages in the way of carrying out this suggestion, and in view of what you say I suppose it would be inadvisable to proceed even along the lines suggested in my earlier letter. However, there may be a suitable occasion in the near future when, in the course of conversations with someone like Acheson or Hickerson, I might drop a casual remark, the reaction to which might throw some light on State Department thinking on this matter.

Yours sincerely,

L. B. PEARSON

920.

DEA/9061-B-40

*Le secrétaire, le Comité des chefs d'état-major,  
au secrétaire, la section canadienne, CPCAD*

*Secretary, Chiefs of Staff Committee, to Secretary, Canadian Section, PJBD*

RESTRICTED

Ottawa, June 19, 1946

UNITED STATES REQUEST TO CARRY OUT NAVAL OPERATIONS  
IN NORTHERN CANADIAN TERRITORIAL WATERS

The Chiefs of Staff, with Mr. Heeney and Mr. Wrong, at their meeting held June 7th, 1946, considered the United States proposals to engage in

<sup>1</sup> Non trouvé.

<sup>1</sup> Not located.

Naval operations in the Northern territorial waters of Canada which were contained in letters from the Secretary, United States Section, Permanent Joint Board on Defence of 14th and 27th† May, 1946.

The Chiefs of Staff agreed to recommend to the Ministers of National Defence that—

(a) permission be granted to the United States authorities to conduct the proposed Naval operation;

(b) in order to avoid undesirable publicity, the United States authorities be asked, if possible, to consider this exercise as a normal Arctic cruise, rather than calling it "Operation Nanook";

(c) publicity on this matter be restricted to a minimum and, if and when it is considered desirable to make a release, this should be done jointly;

(d) the United States authorities be informed that we would prefer the landing of the Marines to take place in Greenland, but if this did not meet with their plans that, as a second alternative, they should be permitted to land in our territory at the site of a Canadian outpost. In this regard, it is understood that there is a Canadian outpost near Dundas Harbour; and

(e) in addition to the United States invitation to include a Canadian representative qualified to make magnetic observations and two Canadian Naval observers, the United States authorities be approached to allow R.C.A.F. and Canadian Army observers to accompany this expedition. (one of each has been suggested).

The Ministers of National Defence have approved the project on the basis recommended by the Chiefs of Staff and it is therefore in order for you to inform the United States authorities accordingly.

J. W. C. BARCLAY  
Acting Lieutenant-Commander

921.

DEA/9061-A-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au secrétaire du Cabinet*

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

SECRET

[Ottawa,] June 24, 1946

I hope that the U.S. request concerning the establishment of Arctic weather stations this summer will be considered by Cabinet this week as they are using a number of different channels in an effort to extract a prompt and favourable decision. I think myself that we should agree to the request under the conditions mentioned in the Cabinet Defence Committee. If the discussion in Cabinet gives rise to argument over Canadian sovereignty in the unoccupied islands, it might be well to point out that our refusal to co-

operate might have the effect of stimulating some challenge to our sovereignty. The present position, it seems to me, can be summed up by saying that Canadian sovereignty in all territories in the Canadian sector is unchallenged but not unchallengeable. We, therefore, must bear in mind two risks which appear to be rather contradictory—(1) if we allow the U.S. to operate in these islands the presence of U.S. establishments (or even possibly of joint establishments) may be construed in some quarters as indicating that our sovereignty is not complete; (2) if we refuse cooperation with the U.S. in establishing posts to which they attach a high degree of importance, they may seek to obtain their ends eventually by claiming sovereignty themselves and treating some of the islands—especially those far from police and trading posts and not covered by Canadian patrols—as their own territory by right of occupation.

922.

W.L.M.K./Vol. 344

*Mémorandum du secrétaire du Cabinet au Premier ministre*

*Memorandum from Secretary to the Cabinet to Prime Minister*

CONFIDENTIAL

Ottawa, June 26, 1946

RE: U.S. NAVY CRUISE IN NORTHERN CANADIAN WATERS

1. Some time ago the Cabinet Defence Committee considered a request put forward by the U.S. Navy through the Permanent Joint Board on Defence for permission to have certain vessels carry out training exercises in the Canadian Arctic. The Committee concluded that there would be no objection to the proposal, provided that undesirable publicity was avoided and that an intended landing of some twenty Marines on Canadian territory be at Dundas Harbour, where there is an R.C.M. Police post. It was also felt that a few Canadian Service officers should be attached.

2. U.S. Naval authorities have now informed our Embassy in Washington that they are prepared to meet the stipulated conditions. They wish to make a brief factual press release, on the subject, before any undesirable leakage takes place.

3. A simultaneous announcement in Ottawa and Washington has been suggested, in terms to be agreed. However, Mr. Abbott is inclined to feel that it would attract less attention and be received more in the way of a routine cruise if the announcement were made in Washington only, in appropriate terms. Attached are two alternative draft releases,† the one to be used if a joint statement is issued, the other if release is made only in Washington. The United States wish to have the statement made by June 30th.

4. Mr. Abbott wished the matter to be put before you for decision.

A. D. P. HEENEY

923.

DEA/9061-40

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

TOP SECRET

[Ottawa,] June 28, 1946

## U.S. REQUEST FOR ARCTIC WEATHER STATION

At the meeting of the Cabinet on June 27th, this matter was again discussed, having been considered previously at the meeting of the Cabinet on June 12th.

The Prime Minister emphasized the importance of considering, as a whole, all projects relating to the joint defence of northern North America, and suggested that this particular proposal should not be dealt with separately; the general problem would require most careful consideration as involving major policy; it could not be expected that the government would deal with the question finally until after the session.

The Cabinet, after discussion, agreed that the United States request for authority to establish a weather station in the Canadian Arctic could not be approved for the present season and that the United States government be so informed; requirements for weather stations in Northern Canada would be examined in relation to the general problem of North American defence.

The Secretary of the Cabinet will send to the Department of External Affairs a copy of a personal note which he is writing Mr. Howe on the subject.†

N. A. R[OBERTSON]

924.

DEA/9061-A-40

*Mémoire du chef, la troisième direction politique**Memorandum by Head, Third Political Division*

[Ottawa,] June 28, 1946

Following the Cabinet meeting on June 27, Mr. Heeney told me that the Cabinet had turned down the United States request to establish weather stations in the Arctic this summer. It was felt that, so far as defence considerations went, it would be necessary to await further progress in joint defence planning, while so far as civil aspects are concerned, there is a need for careful study of Canadian needs and capabilities.

I told Mr. Lewis Clark by telephone that Canadian approval could not be obtained this year and added that we would send them a written reply† in due course.

As could be expected, the United States authorities are considerably upset and are faced with the problem of what to do with the stores and equipment which had been loaded at Boston in the hope that a favourable reply would be forthcoming from the Canadian Government. At the request of the State

Department, Mr. Clark telephoned this morning to say that the U.S. Weather Bureau was wondering whether they should gamble on approval being obtained next year and take advantage of the naval cruise to get their stores as far as Greenland. They have permission, of course, from the Danish Government to establish a station in northwest Greenland and they were considering the possibility of storing there material which could be used in the Canadian Arctic if Canadian Government permission were later obtained.

I told Mr. Clark that no one could possibly attempt to predict what the views of the Canadian Government might be in a year's time. However, it was my understanding that the Government's decision did not rule out future consideration of the project. It therefore appeared to me that the decision as to whether to keep the supplies in the United States or ship them to Greenland would have to be made by the United States authorities on their own responsibility.

R. M[ACDONNELL]

925.

DEA/2403-40

*Mémorandum du contrôleur par intérim, le service météorologique,  
le ministère des Transports, au sous-ministre des Transports*

*Memorandum from Acting Controller, Meteorological Service,  
Department of Transport, to Deputy Minister of Transport*

Toronto, August 3, 1946

USAAF WEATHER STATIONS IN EASTERN CANADA

1. It is desired to report to you the following state of the weather stations in Eastern Canada operated by the USAAF.

2. Early this year most of these stations were discontinued due to the discharge policy adopted by the United States Government, which enabled most of the observers stationed at USAAF weather stations in Eastern Canada to obtain their release.

3. It has now been reported to me that the USAAF are taking steps to re-establish these stations.

4. An American staff is already back in at Mecatina, Quebec; Upper Frobisher Bay, Baffin Island (Crystal II) is to be reestablished as a USAAF radiosonde weather station early in August; they are already taking radiosonde ascents at Goose Bay; Mingan is to be reopened as a radiosonde station within the next month or so; and Fort Chimo, Quebec, (Crystal I), I understand, is also contemplated for reopening, first, for surface observations, and, possibly, for further development as a radiosonde station later.

5. The USAAF are running a training program at Goose Bay for their staffs to be posted to these stations. All personnel being trained are United States Army Air Force permanent force.

6. Further information will be sent as it becomes available.

ANDREW THOMSON

926.

DEA/2403-40

*Mémorandum du secrétaire, la section canadienne, CPCAD,  
au secrétaire, le Comité de défense du Cabinet*

*Memorandum from Secretary, Canadian Section, PJBD,  
to Secretary, Cabinet Defence Committee*

CONFIDENTIAL

[Ottawa,] August 31, 1946

## ARRANGEMENTS WITH THE UNITED STATES RESPECTING FORT CHIMO, P.Q.

1. By an exchange of notes of August 22, 1941, the United States was authorized to establish at Fort Chimo a weather and emergency station which included an airfield and related facilities. The Canadian Government agreed to the request "as embodying arrangements of a temporary and emergency character, and on the understanding that no question of a lease or expenditure by Canada is involved." The Canadian Government also reserved the right to replace the station by a Canadian weather and emergency station when they were in a position to do so. Fort Chimo was one of the bases on the Crimson Route and extensive construction work was carried out by the United States forces.

2. The exchange of notes of June 23-27, 1944, under which Canada reimbursed the United States for expenditures on airfields in Canada included an item of \$8,686,470.00 for Fort Chimo. Any doubt which might have existed as to title or future rights was thereby put at rest, but responsibility for maintenance, operation and defence remained with the United States.

3. On May 29, 1945, Major General G. V. Henry, Senior United States Army Member of the Permanent Joint Board on Defence, wrote that the War Department wished to abandon the Fort Chimo air base except for use as a weather station, the United States to continue the operation of the weather station with United States personnel. He further stated that "the War Department sees no postwar need for the Fort Chimo air base". The Canadian Chiefs of Staff agreed that the facilities at Fort Chimo were of no further military usefulness. In July 1945, through Permanent Joint Board on Defence channels, the Canadian Government gave its decision that it would be desirable for the United States to be responsible for the safeguarding of the facilities at Fort Chimo, exclusive of the airfield, for which Canada had paid. It was not suggested that the airfield itself be maintained, but it was pointed out that the United States had an obligation to safeguard the rest of the facilities until they had been turned over to Canadian custody. This, the United States agreed to do in addition to continuing to operate the weather station.

4. The position therefore is that United States forces were asked by Canada to stay on at Fort Chimo for custodial purposes and their desire to continue operating the weather station was approved. They have not been asked to give up their wartime rights to occupy the base and, indeed,

the subject has not been raised by either Government. The United States authorities would therefore appear to be justified in assuming a certain freedom of action at the base. In view of reports which have reached the Canadian authorities about increased United States activity at Fort Chimo, it is open to consideration whether future activities there should not be discussed with the United States Government. The same applies to Frobisher Bay where a similar situation exists.

927.

DEA/7-DA

*Mémorandum du secrétaire, le Comité de défense du Cabinet,  
au Comité de défense du Cabinet*

*Memorandum from Secretary, Cabinet Defence Committee,  
to Cabinet Defence Committee*

SECRET

[Ottawa,] September 9, 1946

WEATHER STATION REQUIREMENTS IN CANADIAN TERRITORY

1. The United States authorities, through the Permanent Joint Board on Defence, have recently requested:

(a) that permission be granted to reopen stations previously operated by the U.S. Army Air Forces Weather Service at Padloping Island, Baffin Island, and Indian House Lake, P.Q.; and

(b) that the Canadian Weather Service furnish certain observations at River Clyde and Arctic Bay, Baffin Island.

In addition, the U.S. authorities have indicated that their Army Air Forces Weather Service intend to continue operation of weather stations at:

(a) Mingan, P.Q.;

(b) Fort Chimo (Crystal I), P.Q.;

(c) Frobisher Bay (Crystal II), Baffin Island;

(d) Cape Harrison, Labrador; and

(e) Mecatina, P.Q.

2. These proposals have been referred to the Department of Transport, who state that they are not in a position to assume operation of the stations at Padloping Island and Indian House Lake, and that their programme for the River Clyde station calls for much more limited observation than that desired by the U.S. Army. They accordingly recommend that the United States be authorized to operate those stations until such time as Canada is in a position to assume full responsibility. They state further that the operation of the Arctic Bay station is provided for in the present Canadian programme, and the reports sought by the U.S. can be made available to them. They recommend, therefore, that this station remain a Canadian responsibility. Transport's suggestions for dealing with the U.S. requests are supported by External Affairs.

3. It may be remembered that last May the United States sought permission to initiate an Arctic weather station programme, and on that occasion the Cabinet decided that action along the lines proposed should be postponed. It was felt at that time, however, there were possibly certain advantages, from a purely Canadian point of view, in establishing additional weather stations in the north, and that this question might be considered in the light of both military and civil requirements.

4. The Chiefs of Staff Committee, with Messrs. Heeney, Robertson, Pearson and Wrong, have reviewed the situation, with particular reference to the recent U.S. proposals, and they recommend:

(a) that in the circumstances, the U.S. requests be accepted, but on a temporary basis only and on the explicit understanding that Canadian personnel, at the discretion of the Canadian government, be included on the staff of any station operated by the United States, with the object of eventual operation by Canada, and that U.S. authorities be asked to employ civilian weather bureau personnel rather than military personnel in the operation of these stations; and

(b) that the Interdepartmental Meteorological Committee (with the addition of a representative of Defence Research and such assistance as might be found necessary) be instructed to undertake immediately a complete examination of present and future requirements for the establishment and operation of weather stations in Canadian territory.

E. W. T. GILL

928.

DEA/2403-40

*Le secrétaire, la section canadienne, CPCAD, au représentant principal  
de l'armée américaine, CPCAD*

*Secretary, Canadian Section, PJBD, to Senior  
United States Army Member, PJBD*

SECRET

Ottawa, September 24, 1946

Dear General Henry,

I am replying to your letter of August 14<sup>†</sup> on the subject of weather services in Northeastern Canada. You will recall that this subject was discussed informally at the meeting of the Board in New York on September 20.

The questions raised in your letter have been considered by the appropriate authorities and I am now able to inform you of the Canadian Government's decision. Permission is granted to the United States to re-open the stations at Padloping Island and at Indian Lake House, and to continue the operation of stations at River Clyde, Mingan, Fort Chimo, Frobisher Bay and Mecatina in order to provide additional observations desired by the United States. With regard to Arctic Bay, the programme of the Department of Transport calls for observations very similar to those desired by the

United States authorities. It is therefore believed desirable that their programme be continued without United States assistance, particularly since staff accommodation is so limited that additional observations could not be undertaken. The station at Cape Harrison, Labrador, is not in Canadian territory or territory leased by Canada.

The approval given in the previous paragraph is given on a temporary basis only and on the understanding that Canadian personnel at the discretion of the Canadian authorities may be included in the staff of any station with the object of eventual operation by Canada. In addition, the United States authorities are requested to employ civilian weather personnel rather than military personnel as far as possible, if not completely.

I may add that a complete survey of present and future requirements for the establishment and operation of weather stations in Canadian territory is being initiated.

Yours sincerely,

R. M. MACDONNELL

929.

DEA/9061-A-40

*L'ambassadeur des États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador of United States to Secretary of State for External Affairs*

No. 592

Ottawa, November 6, 1946

SECRET AND URGENT

Sir,

I have the honor to refer to an informal memorandum dated May 1, 1946,† which was left in the Department of External Affairs by an officer of the United States Embassy and which set forth certain views of the United States Government concerning the establishment of meteorological observation stations in the Arctic region of the Western Hemisphere for the purpose of improving the weather forecasting service within the United States and on international civil air transport routes from the United States.

At that time it was pointed out that a great gap exists in the network of Arctic aviation facilities, including weather, magnetic, and ionospheric stations, air navigational aids, communications and air fields; that this gap extends from Spitzbergen westward over most of Greenland, the Canadian Islands, and the Arctic Ocean to Siberia, and results in a serious lack of knowledge for interpolating meteorological data across the Polar area, for forecasting the southward surge of cold Arctic air masses, for the preparation of suitable aeronautical charts, for the study and prediction of radio conditions, and generally for safeguarding air operations.

At that time my Government proposed to your Government a program for the establishment in Arctic areas of certain meteorological reporting facilities.

After due consideration your Government in a memorandum of July 2, 1946,† took the position that there had been insufficient time to give adequate consideration to a project of such importance, but intimated that further consideration would be given to the proposals of the United States Government.

It will be recalled in this connection that similar requests were made of the Danish Government which were granted and there was established at Thule, Greenland, facilities for reporting meteorological information.

I have now been directed to reaffirm and to stress the interest of my Government in this program and to urge upon the Canadian Government the necessity of proceeding without delay toward the establishment in the northern areas of this hemisphere of adequate meteorological and other reporting stations. In contrast to the situation last year there is now, as a result of the construction and operation last summer of a station at Thule, Greenland, definite assurance that northern weather stations are valuable and practical.

May I suggest that if your Government approves the principle of the establishment of such stations it would be desirable for technical personnel of our two Governments to consult and agree upon the details. In this connection I have been directed to say that the interested officials of the United States Weather Bureau and of the Coast and Geodetic Survey are prepared to come to Ottawa at any time.

Accept etc.

RAY ATHERTON

930.

DEA/52-C

*Mémoire du représentant principal de l'armée américaine,  
CPCAD, à la CPCAD*

*Memorandum from Senior United States Army Member, PJBD, to PJBD*

Washington, November 14, 1946

SUBJECT: LORAN COVERAGE OF THE NORTH AMERICAN ARCTIC

1. With increased aerial, weather, mapping and other activities in the North American Arctic, the Army Air Forces believe there should be an installation of low frequency loran stations in this area to furnish long distance navigational fixes in support of the activities just enumerated. This subject has already been studied in a general way in the preliminary planning discussions of the Joint Subcommittee on Air Navigational Aids for Defence. As a tentative proposal, the United States believes that a long range program should be adopted for the emplacement of six (6) stations, three (3) of which would be

in Canadian territory, two (2) in Greenland and one (1) in Alaska. The tentative locations for the three Canadian stations are as follows:

Port Brabandt, Northwest Territories  
 Cambridge Bay, Victoria Island  
 River Clyde, Baffin Island

2. The U.S. Army Air Forces have requested that I present the above tentative program to the Board at this time in order to secure its favourable recommendation. The Air Forces hope that one or possibly two of the proposed Canadian stations could be installed during the summer of 1947 and the remainder during the summer of 1948, either by the Canadian Government, jointly, or by the U.S. Army Air Forces. The method adopted will, of course, depend upon the approval and desires of the Canadian Government and, in the case of the United States, the availability of funds and personnel to the Army Air Forces. The installation of six stations would provide two integrated operational units of three stations each. Each station would be manned by approximately thirty-five persons.

3. In order that the U.S. Army Air Forces may plan for the future, it is requested that the Canadian Section obtain the following information:

a. Does the Canadian Government approve of the program?

b. If so, would Canada desire to install and operate the stations, or have the United States AAF do so, or carry out the program as a cooperative measure?

c. Under the conditions laid down in b above, will the Canadian Government approve of the installation of a station in the vicinity of Port Brabandt, Northwest Territories, and Cambridge Bay, Victoria Island, during the summer of 1947?

GUY V. HENRY  
 Major General

## SECTION B

### DISPOSITION DE L'ENTREPRISE CANOL DISPOSAL OF CANOL PROJECT

931.

DEA/463-N-40

*Le sous-secrétaire d'État associé aux Affaires extérieures  
 au président, le Comité d'allocation des biens de la couronne*

*Associate Under-Secretary of State for External Affairs  
 to Chairman, Crown Assets Allocation Committee*

CONFIDENTIAL

Ottawa, March 15, 1946

Dear Sir,

The United States Government has at length made a proposal for the disposition of the Canol Project and I enclose two copies of a proposed note

which was given to the Department today by Mr. Lewis Clark of the United States Embassy.

For convenient reference, I am quoting the sections of the previous Agreements which are referred to. Paragraph 3 (b) of the note of June 7th, 1944<sup>1</sup> (referred to in A) reads as follows:

That after the United States disposes of (the Canol Project) the owners and, or, lessees thereof will be granted adequate enjoyment of the sites, rights of way, and riparian rights required for satisfactory utilization and that the Canadian Government or its assigns will permit the aforesaid works, installations, and facilities to be used, on equitable terms, for the transportation and refining of crude petroleum purchased by the United States in the Northwest Territories for the distribution of such petroleum and the products thereof both within and without the boundaries of Canada.

Paragraphs 4 (b) and (d) of the note of June 27th, 1942<sup>2</sup> (referred to in B) read as follows:

4. For its part, my Government asks the Canadian Government to agree:

(b) To waive, during the war, import duties, sales taxes, territorial taxes, license fees or other similar charges on all equipment and supplies to be used in the execution or maintenance of the Project by the United States and all personal effects of the construction personnel.

(d) To take the necessary steps to facilitate the admission into Canada of such United States citizens as may be employed on the construction or maintenance of the Project during the war, it being understood that the United States will undertake to repatriate at its own expense any such persons if the contractors fail to do so.

The paragraphs dealing with the Permanent Joint Board on Defence are regarded as satisfactory. Since the military authorities of both countries regard the Canol Project as having no further defence value, it is agreeable to us to cancel the provisions for seeking the approval of the Board.

It was explained to us that the final paragraph, which appears to contemplate the possibility of amendment to the agreement after signature but before the effective date, is required by the terms of the Surplus Property Act of 1944.

We should be glad to have your views as to the acceptability, or otherwise, of this proposal.

Yours sincerely,

R. M. MACDONNELL  
for the Associate Under-Secretary  
of State for External Affairs

<sup>1</sup> Voir Canada, *Recueil des traités*, 1944, N° 16.

<sup>2</sup> Voir Canada, *Recueil des traités*, 1942, N° 23.

<sup>1</sup> See Canada, *Treaty Series*, 1944, No. 16.

<sup>2</sup> See Canada, *Treaty Series*, 1942, No. 23.

## [PIÈCE JOINTE/ENCLOSURE]

*Projet de note de l'ambassadeur des États-Unis  
au secrétaire d'État aux Affaires extérieures*

*Draft Note from Ambassador of United States  
to Secretary of State for External Affairs*

## CONFIDENTIAL

I have the honor to refer to your note no. 83, dated August 31, 1945, and to my note no. 366, dated September 6, 1945, in regard to the crude oil pipeline from Norman Wells, Northwest Territories, to Whitehorse, Yukon Territory, and the refinery at Whitehorse, which, together with equipment pertaining thereto, have been referred to as the crude oil facilities of the Canol Project. My reply of September 6 confirmed the understanding that the United States would at a later date submit to the Canadian Government *plans* for the disposition of these facilities.

In accordance with the understanding referred to, there are set forth in this note proposed plans for disposal which, it is hoped, will prove acceptable to your Government. These proposals have been drawn up to give effect to the underlying principle, that, as military considerations are no longer paramount, disposal should be accomplished in a manner designed to recover the fair monetary value of facilities.

It will be recalled that in the exchange of notes of June 27-29, 1942, the two Governments agreed that if neither the Canadian Government nor any private company desired to purchase the crude oil pipeline and refinery, the disposition of both facilities should be referred to the Permanent Joint Board on Defense for consideration and recommendation. It was further agreed in the same exchange of notes that the two Governments would not themselves order or allow the dismantling of either the pipeline or the refinery unless and until approval for dismantlement should be recommended by the Permanent Joint Board on Defense.

In the foregoing connection I understand that it is the view of the competent military authorities of our two countries that the crude oil facilities of the Canol Project no longer have defense value. Accordingly, it seems apparent that the above referred to provisions relating to the Permanent Joint Board are now unnecessary and should be annulled in order that the disposal authorities may have maximum freedom of action. My Government hopes that the Canadian Government will concur in this view and will agree to the annulment of those provisions, thereby permitting dismantlement of the facilities if that course should be desirable by the United States authorities or its successors in interest. In the event that the Canadian Government concurs in the foregoing, my Government further desires to propose the following plans to cover the disposition of the crude oil facilities of the Canol Project:

1. It is proposed to advertise the sale of the crude oil facilities in the press of both Canada and the United States. The following general principles will be observed in selling and disposing of the facilities.

A. The United States Government may, if it so desires, transfer title to the facilities or any part thereof to private ownership subject to the laws of the Dominion of Canada but exempt from import duties and excise taxes and with the further provision that the new owner or owners shall enjoy the rights set forth in paragraph 3 (b) of my note of June 7, 1944. No owner, however, would be obligated to operate the facilities.

B. If the United States Government does not dispose of any or all of the facilities under the terms of paragraph A above, the Government, its agents, or its successors in interest may remove from Canada such of the facilities as they may elect to remove for use in the United States or elsewhere. It is understood that if the United States, its agents, or its successors in interest do elect to remove any or all of the facilities, the Canadian Government will facilitate such operations by providing for continuance of the rights referred to under paragraphs 4 (b) and 4 (d) of the United States note of June 27, 1942. It is not intended to give either A or B above precedence or priority over the other since the governing factor will be the amount bid.

C. The Government of Canada may purchase from the United States through the appropriate governmental agencies such of the facilities not disposed of under A or B as that Government may desire to obtain for its own use or disposition.

D. Any of the facilities not disposed of under paragraphs A, B, and C above shall be transferred to a designated agency of the Canadian Government and shall be sold or disposed of by such agency, the proceeds to be paid to the Government of the United States, *provided that* the United States Government shall be represented in such sale or disposal by an officer designated by it for the purpose, who shall have an equal voice in the setting of prices, the allocation of priorities, the assessment of legitimate sales costs and other details of the sale or other disposal of the items concerned; *and provided further* that any such items remaining unsold at the end of two years from the time they are transferred to the Canadian agency concerned shall either be declared of no value and the account closed or, at the option of the United States, shall be removed from Canada by the United States authorities.

2. In view of certain provisions of the Surplus Property Act of 1944, it is proposed that the provisions of this note and your reply agreeing thereto constitute an arrangement between our two Governments effective at a date mutually to be agreed upon, such date to be not less than thirty days from the date of your reply. It is further proposed that the arrangement shall be effective only if neither Government has, before the date referred to in the preceding sentence, expressed a desire for any change in the lettered paragraphs A through D above.

932.

DEA/463-N-40

*Le président, le Comité d'allocation des biens de la couronne,  
au sous-secrétaire d'État aux Affaires extérieures*

*Chairman, Crown Assets Allocation Committee, to Under-Secretary of State  
for External Affairs*

CONFIDENTIAL

Ottawa, March 20, 1946

Dear Sir,

I have your letter of March 15th attaching two copies of a proposed note passed to your Department by the U.S. Embassy and dealing with the disposition of the Canol project.

I am generally in agreement with the contents of the note, with the exception of para. D. of Section 1, which deals with the facilities not disposed of under previous proposals, and suggests that any such facilities so remaining shall be passed to a Canadian Government agency for sale.

I am of the opinion that this proposal is not practical and would involve the Canadian Government agency in considerable expense if the agency had to take custody and provide safeguards against the loss or misrepresentation of the surplus facilities that were passed to it.

I think the only practical way of doing this is to request that on completion of disposal under paras. A, B, and C of Section 1 that the U.S. be requested to transport to one location to be adjacent to points at which the Canadian Government disposal agency is operating such items which they consider have salvage value, and the Canadian agency would then try to sell this surplus paying the net proceeds to the U.S. Government and providing that any items remaining would at the end of two years be transferred to the Canadian agency concerned as of no value or removed to the U.S. at their option.

The balance of the equipment which was not removed and put in a suitable storage place would be considered as abandoned by the U.S. Government.

Yours very truly,

J. H. BERRY

933.

DEA/463-N-40

*Le chef, la troisième direction politique, à l'ambassade des États-Unis*

*Head, Third Political Division, to Embassy of United States*

[Ottawa,] March 25, 1946

PROPOSED RE-DRAFT OF 1D OF UNITED STATES

DRAFT NOTE ON CANOL DISPOSITION

D. Any of the facilities not disposed of under paragraphs A, B, and C above which are regarded by the United States Government as having salvage value shall be transferred to a designated agency of the Canadian

Government, after having been brought to locations adjacent to places where the Canadian Government has facilities for safe-guarding surplus materials, and shall be sold or disposed of by such agency, the proceeds to be paid to the Government of the United States, it being understood that items not brought to the agreed location shall be considered to have no salvage value and to have been abandoned by the United States Government, provided that etc. etc.

934.

DEA/463-N-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au conseiller, l'ambassade des États-Unis*

*Under-Secretary of State for External Affairs  
to Counsellor, Embassy of United States*

Ottawa, April 24, 1946

Dear Mr. Clark,

In connection with our discussion about the disposition of the Canol Project, I handed Mr. Shillock<sup>1</sup> a proposed re-draft dated March 25th of Section 1D of your draft note. At the same time, I informed him that we had taken up with the Department of National Revenue the proposal in Section 1A that the facilities be transferred to private ownership, exempt from import duties and excise taxes.

We have been informed by the Deputy Minister of National Revenue (Customs and Excise) that he is prepared, with a view to facilitating negotiations, to recommend to his Minister that Council be approached for authority to waive payment of the duty and taxes otherwise applicable on the disposition of these facilities.

We should be glad to receive in due course the comments of the United States authorities on our proposed re-draft of Section 1D.

Yours sincerely,

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

935.

DEA/463-N-40

*Le chargé d'affaires des États-Unis au chef, la troisième direction politique  
Chargé d'Affaires of United States to Head, Third Political Division*

Ottawa, July 19, 1946

Dear Mr. Macdonnell,

You will recall that on March 15 I left with you a draft of a proposed note on the disposition of the facilities of the Canol Project. On March 25 you

<sup>1</sup>Le deuxième secrétaire, l'ambassade des États-Unis.

<sup>1</sup>Second Secretary, Embassy of United States.

handed us a proposed re-draft of paragraph 1 (d) of our note and on April 24 you informed us that the Deputy Minister of National Revenue (Customs and Excise) was prepared, with a view to facilitating negotiations, to recommend to his Minister that Council be approached for authority to waive payment of the duty and taxes otherwise applicable on the disposition of these facilities.

There were further informal discussions of this matter between Colonel Gould Jones and Mr. J. H. Berry, during which, I understand, Mr. Berry expressed his informal approval of a compromise amendment to paragraph 1 (d), as follows:

“In the event the Government of the Dominion of Canada is called upon to sell for the account of the Government of the United States any portion of Canol, before undertaking such sale, the appropriate representatives of the Dominion Government and the Government of the United States will join in a determination as to whether the expense of such sale, including all such costs, such as entry, delivery, advertising, etc., will exceed the amount that might be realized for such a sale. If determination of the representatives of the two Governments is that it is not reasonable to expect that such a sale will produce an amount in excess of the sales cost, the Government of the United States will then abandon it under that portion of paragraph 1 (d) which refers to abandonment.”

The difficulties under which the Canol Project was constructed are a fair measure of the many problems which may be encountered in salvaging and disposing of the property, and under the most favourable and flexible plan of disposal, the monetary recovery to the United States compared with the original cost will be very small. In view of this fact, we would not be willing to consider any part of the facilities of the Canol Project abandoned until every effort has been made to dispose of it. Should we take any other stand the repercussions in the United States would no doubt be far and great. However, if after a lapse of two years from the initiation of a vigorous program of disposal no substantial progress has been made in its liquidation, we would be receptive to considering it abandoned.

Although our file is not clear upon the subject and although we would prefer to keep the phraseology originally suggested in paragraph 1 (d), I, nevertheless, gather that the intention of Colonel Gould Jones and Mr. Berry was that the above suggested paragraph form the final paragraph of our originally proposed paragraph 1 (d). If this be so, may I suggest that we take the liberty of revising the phraseology somewhat and I suggest the following:

“In the event the Government of Canada is called upon under the provisions of this paragraph to sell for the account of the Government of the United States any portion of the facilities of the Canol Project, before undertaking such sale, the appropriate representatives of the Canadian Government and of the Government of the United States will join in a determination as to whether the expense of such sale, including all costs incurred in connection with such sale, such, for instance, as entry, delivery and advertising, will exceed the amount that might be realized for such a sale. If the determination of the

representatives of the two Governments is that it is not reasonable to expect that such a sale will produce an amount in excess of the sales cost, the Government of the United States will then abandon it under the provisions of this paragraph."

I should appreciate it if you would let me know the views of your Government in this regard.

Yours sincerely,

LEWIS CLARK

936.

DEA/463-N-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
à l'ambassadeur des États-Unis*

*Acting Under-Secretary of State for External Affairs  
to Ambassador of United States*

Ottawa, July 26, 1946

Dear Mr. Atherton,

I wish to refer to Mr. Clark's letter of July 19 on the subject of the disposition of the Canol Project. The proposals contained in that letter have been submitted to the interested authorities for consideration.

There is another point on which we should like to suggest the addition of clarifying language. Paragraph 1A would give to the new owner or owners certain rights set forth in an earlier note. In the view of the Canadian authorities, it would be wise to state with some exactitude the steps which the Canadian Government is prepared to take by way of making rights available and I enclose copies of a redraft for consideration by the United States authorities.

You will note that the Canadian Government would be prepared to make available, on equitable terms, any rights in its possession, but where necessary rights are not in its possession it could only acquire them, at the purchaser's expense, if he were unable to make satisfactory arrangements with the owners. It will be recalled that the Canadian Government did not to any large extent become the owner of the property involved in the Canol Project. The procedure followed was for the Government to obtain possession of the property under leases after which the United States Government were granted licenses to occupy the property.

You will appreciate that it would be difficult at this stage for the Canadian Government to undertake to purchase property and it is believed that the proposals contained in our redraft will give a new owner the requisite assurance of the rights necessary for operation.

Yours sincerely,

R. M. MACDONNELL  
for the Acting Under-Secretary of  
State for External Affairs

## [PIÈCE JOINTE/ENCLOSURE]

*Nouveau projet de paragraphe 1A du projet de note de l'ambassadeur des États-Unis au secrétaire d'État aux Affaires extérieures*

*Redraft of Paragraph 1A of Draft Note from Ambassador of United States to Secretary of State for External Affairs*

A. (i) The United States Government may, if it so desires, transfer the crude oil facilities of the Canol project, or any part thereof, to private ownership, subject to the laws of the Dominion of Canada and Territory or Territories in which such facilities are situate, but exempt from import duties and excise taxes, provided that the land, rights of way, riparian rights and other easements supplied by the Government of Canada or any person during war, and required for the satisfactory utilization of the facilities, must be leased or acquired by the purchaser or purchasers of the facilities from the Government of Canada or the owners thereof under the laws of such Dominion and Territory or Territories.

(ii) The facilities, together with the lands, rights of way, riparian rights and other easements leased or acquired by the purchaser or purchasers shall be held and, if operated, shall be operated under the laws of the Dominion of Canada and the Territory or Territories in which they are situate, but no purchaser shall be obligated to operate the facilities.

937.

DEA/463-N-40

*Mémorandum du chef, la troisième direction politique, au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Head, Third Political Division, to Acting Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa,] August 16, 1946

## DISPOSAL OF CANOL FACILITIES

This letter to Atherton<sup>1</sup> is a counter proposal. The United States suggestion was that if they could not find purchasers, the stuff should be turned over to War Assets Corporation with representatives of the two Governments deciding whether the expenses of a proposed sale would exceed the proceeds receivable by the United States Government.

Berry and I are in agreement on two points:

(1) There is no justification for the Canadian Government risking the political dynamite involved in being party to a decision to sell or not to sell.

(2) If United States authorities, with an economy-minded Congress at their heels, cannot find purchasers for Canol, it is a certainty that War Assets Corporation will be no more successful.

<sup>1</sup> Le document suivant.

<sup>1</sup> Following document.

We therefore propose to eliminate all resort to War Assets Corporation, give the United States authorities every opportunity to sell the facilities to anyone in the world and, if they fail, to make them remove what they want or declare it abandoned. It is altogether likely that a great deal of the material will not be sold and there is no reason why the Canadian Government should be responsible even for its custody at any stage.

Berry writes that he would like to withdraw from the Canol negotiations and leave them to us. If War Assets Corporation is to be eliminated from the Agreement, this is sensible and I attach a letter of concurrence.†

If you agree to the terms of the letter to Atherton, I should be glad if you would sign it and return it to me. I will then hand it to Lewis Clark with some oral comment along the lines of this note which would not be entirely suitable for inclusion in an official communication.

R. M[ACDONNELL]

938.

DEA/463-N-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
à l'ambassadeur des États-Unis*

*Acting Under-Secretary of State for External Affairs  
to Ambassador of United States*

Ottawa, August 16, 1946

Dear Mr. Atherton,

On July 19 Mr. Clark wrote to Mr. Macdonnell about a proposed re-draft of paragraph 1(D) of the exchange of notes on the disposition of the Canol crude oil facilities. The Canadian authorities have been giving this consideration and would like to put forward another suggestion which, in their view, would provide a more satisfactory method of disposal.

Briefly, our proposal is that 1(D) should be re-drafted so as to eliminate all resort to a Canadian Government disposal agency. This could be done by means of the following language:

"D. Any of the facilities not disposed of under paragraphs A, B, and C above within two years of the coming into force of this Agreement shall either be declared of no value and abandoned or, at the option of United States, shall be removed from Canada by the United States authorities."

We have two main considerations in mind in making these counter proposals. In the first place, we doubt the necessity or desirability of having the Canadian Government join in a decision as to whether the expenses of a sale would exceed the proceeds. We believe this to be a matter which the United States Government must decide on its own responsibility. Secondly, we question the advantages to be derived from turning over Canol to War Assets Corporation as a last resort. Under A and B of your proposals, the United States Government would have the widest opportunities to dispose of the

facilities to Canadian or United States citizens, for operation or non-operation, in whole or in part, in Canada or elsewhere. In your draft proposals it is stated. "It is proposed to advertise the sale of the crude oil facilities in the press of both Canada and the United States". It can be assumed, I am sure, that every effort will be made by the United States authorities to interest possible purchasers in other ways as well. Should the United States Government not receive offers which it regards as satisfactory, we do not think that there would be any likelihood of War Assets Corporation being more successful. We therefore feel that the most satisfactory solution is for the United States Government to have the widest latitude in seeking to interest purchasers and to have the unsold residue, if any, removed from Canada or declared abandoned at the option of the United States Government after the elapse of a reasonable period.

Your proposal to advertise in the press of Canada would introduce an exception to the understanding that neither Government will sell surplus in the territory of the other. We are prepared to agree to this exception so that the Canol facilities can be offered for sale directly to Canadian nationals by the United States authorities. Should your Government desire it, we would be willing to insert specific language to this effect, although I think the point is already covered in the Embassy's draft of March 15.

I should be glad to learn as soon as possible whether the language proposed in this letter is agreeable to your Government.

Yours sincerely,

H. H. WRONG

939.

DEA/463-N-40

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

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

CONFIDENTIAL

Ottawa, September 13, 1946

Dear Mr. Robertson,

In Mr. Wrong's letter of August 16, 1946, he made further suggestions in respect of the proposed exchange of notes on the disposition of the Canol crude oil facilities. The Canadian proposals contained in that letter were brought to the attention of the Department of State and I have now received a reply.

In the course of a number of exchanges of views which have taken place this year, the text of the note covering the Canol may have become somewhat obscured because of the numerous revisions made. Accordingly, I am enclosing a consolidated draft† upon which it is hoped final agreement may be secured. It will be recalled that Mr. Macdonnell, in a letter to Mr. Clark

of July 26, 1946, proposed certain changes and additions to paragraph 1 (A) of the text. These additions have been approved by my Government and are incorporated in the enclosed draft.

The second, and more difficult, point requiring adjustment relates to Paragraph 1 (D) of the draft. Mr. Wrong's letter proposed a change in the draft of paragraph 1 (D), the intent of which was to eliminate all resort to a Canadian Government disposal agency in the event of any of the facilities not being disposed of within two years under the provisions of paragraphs A, B, and C. I am now informed that this proposal has been given serious consideration by the Office of the Foreign Liquidation Commissioner, and Mr. Charles B. Jones, Field Commissioner for Canada and the North Atlantic Areas, by memorandum to Mr. Parsons of the Division of British Commonwealth Affairs, dated August 29, 1946, has made the following statement:

"It is noted with considerable satisfaction that the Canadian Government has taken an extremely liberal attitude toward the disposal of the Canol Project property and is willing to help us in any way possible in working out the most favorable plan of disposition. Further, it is noted that the Canadian Government desires to eliminate the involvement of a Canadian Government Disposal Agency in the disposition of the subject property, should this office be unsuccessful in disposing of same within a period of two years. The desire of the Canadian Government to leave all matters concerning the disposition of the Canol Project property in the hands of our Government is fully appreciated, and the position she has taken in this connection meets with the approval of this office. However, should our efforts in disposing of all or part of the subject property be unsuccessful during the period of two years, it is felt that a new plan of disposal should be formulated at that time, rather than project into the future a decision, the wisdom of which may be altered by intervening events. Should a new plan of disposal envelope alternatives other than abandonment or removal of the property to the United States, the Canadian Government would, of course, be vitally interested in reviewing and considering the matter and their continued participation would, therefore, follow.

"Considering the above, it is suggested that the proposal making it mandatory that the Canol Crude Oil facilities be abandoned or returned to the U.S. if not disposed of in a period of two years, be rejected and the wording of paragraph 1 (D) be altered, as follows:

"Any of the facilities not disposed of under paragraphs A, B, and C above, after a period of two years from the date of this agreement, shall be the subject of a survey and study by the U.S. Government which will include the advisability of abandonment or return of the property to the U.S., but not be necessarily limited thereto. The resultant plan of disposal thus formulated shall be submitted to the Canadian Government as a basis for further agreements between the two Governments covering disposition of any remaining property."

The draft of paragraph 1 (D) suggested by Mr. Jones has been incorporated in the enclosed re-draft of the proposed note.† I have been directed to say that it has been approved by Major General Guy V. Henry, Senior Army member, Permanent Joint Board on Defence, and by members of the Petroleum Facilities Coordinating Committee.

If the enclosed re-draft is acceptable to your Government, may I request that I be informed in order that I may obtain over the telephone final clearance for it in the Department of State. In spite of the fact of previous delays the matter is still deemed of urgency, as it is understood the Field Commissioner for Canada still hopes to be in a position to initiate disposal action this autumn.

Sincerely yours,

LEWIS CLARK  
for the Ambassador

940.

DEA/463-N-40

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

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

CONFIDENTIAL

Ottawa, September 17, 1946

Dear Mr. Atherton,

I am replying to your letter of September 13 enclosing a consolidated draft of the proposed exchange of notes on the disposition of the Canol crude oil facilities.

We have given careful consideration to your suggested version of paragraph 1(D) which is the only section on which agreement has not been reached. We feel that it would be desirable to state rather more clearly than does your September 13 draft that the final disposition will be by removal or abandonment unless in the meantime a better plan can be agreed upon. We therefore propose the following language for the paragraph in question which we hope your Government will regard as a satisfactory compromise between our draft of August 16 and your draft of September 13.

"1.D. Any of the facilities not disposed of under paragraphs A, B and C above, after a period of two years from the date of this Agreement, shall either be declared of no value and abandoned or, at the option of the United States, shall be removed from Canada by the United States authorities. However, should the United States Government, before the end of this two year

period, wish to propose a different basis for the final disposition of any remaining property, the Canadian Government will give careful consideration to such proposals.”

Yours sincerely,

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

941.

DEA/463-N-40

*Mémoire du chef, la troisième direction politique<sup>1</sup>*

*Memorandum by Head, Third Political Division<sup>1</sup>*

CONFIDENTIAL

[Ottawa,] October 8, 1946

DISPOSITION OF CANOL FACILITIES

On October 9 we will be meeting representatives of the State Department to discuss the draft exchange of notes on this subject which has been under consideration for many months. The only point to be resolved is paragraph 1D which is intended to describe the procedure which will be followed in disposing of any material that the United States authorities cannot sell to private purchasers.

United States officials show an understandable reluctance to agree to any final settlement. Whatever understanding may be reached with Canada, the fact is that the monetary return to the United States Government will be exceedingly small and the settlement is bound to provoke political criticism in the United States. Each official who has anything to do with the subject sees himself being called before a Senate Committee to explain his actions and is therefore anxious to defer the final day of reckoning as long as possible.

I learned from the United States Embassy that the State Department is troubled over one aspect in particular. If our proposals were accepted, the United States would have two years in which to sell the property and after that they would have to remove the unsold residue or declare it of no value and abandon it. (In our final compromise suggestion we were prepared to consider any alternative scheme which the United States might put to us at the end of the selling period.) The State Department claims to be worried lest possible purchasers would refrain from making bids during the selling period in the hope that when that period had expired they could move into the Northwest Territories and help themselves to property which the United States would have abandoned. The only set of circumstances in which this could happen would be the discovery of a large new oil field in the Mackenzie Valley

<sup>1</sup> Ce mémorandum était adressé à R. A. J. Phillips de la troisième direction politique et au Wing Commander A. M. Cameron du bureau du Conseil privé.

<sup>1</sup> This memorandum was addressed to R. A. J. Phillips of Third Political Division and to Wing Commander A. M. Cameron of the Privy Council Office.

which, presumably, cannot be excluded from the range of possibilities but is not likely to occur at the earliest for many years. To guard against such an eventuality, the United States would apparently like to retain some title to the property even after the end of the selling period.

I cannot see that we would be justified in agreeing to this. The policy of the Government over the last few years has been directed towards getting the United States out of the various defence projects set up during the war (air fields, highway, landline system, weather stations, etc.). Canol is the one remaining big project where this has not occurred. If the United States were allowed to remain there indefinitely, criticism from the Canadian public could be anticipated on the ground that the United States were retaining a vested interest in the Canadian North. Oil, defence and politics form a combination that is particularly attractive to newspapers and I think that we would do well to avoid it. There might be some justification for allowing the United States to keep the Canol crude oil facilities if they really wanted them for defence purposes and put up a strong argument that they were important. However, the United States authorities hold no such views; their only concern is to avoid public criticism of the way in which they dispose of one of the more controversial of their wartime projects.

It seems to me that we would do well to insist that the agreement on the disposition of the Canol crude oil facilities contains something pretty definite in the way of a cut-off date and I am inclined to think that we ought not to go much further than the last compromise which we suggested to the United States Embassy.

R. M[ACDONNELL]

942.

DEA/463-N-40

*Mémorandum du chef, la troisième direction politique*

*Memorandum by Head, Third Political Division*

CONFIDENTIAL

[Ottawa,] October 14, 1946

DISCUSSION ON CANOL DISPOSITION

On Wednesday, October 9th, 1946, at 4.00 p.m. in Room 123, East Block, there was held a meeting to discuss the disposal of the Canol crude oil facilities with particular reference to paragraph 1D of the proposed exchange of notes. The following were present:

- Mr. R. M. Macdonnell, External Affairs,
- Wing Commander A. M. Cameron, Privy Council,
- Group Captain W. W. Bean, Privy Council,
- Mr. L. B. Phinney, Acting Special Commissioner for  
Defence Projects in Northwest Canada,
- Mr. R. A. J. Phillips, External Affairs,
- Mr. Lewis Clark, Counsellor, United States Embassy,

Mr. Charles B. Jones, Office of Foreign Liquidation  
Commission, Department of State,

Mr. James King, British Commonwealth Division, Department  
of State.

2. Mr. Jones stated that the chief concern of the United States was over the word "abandoned" in our proposed paragraph 1D. He said that the use of this word gave rise to two difficulties:

(i) The possibility that a potential buyer, after sitting out a two-year period, might take Canol property without payment when it is abandoned.

(ii) The possibility that the value of Canol equipment might be increased by future oil developments in the Norman Wells area at a time when the United States had abandoned all claim to compensation.

3. It was to eliminate the first contingency, which was considered the more probable, that the United States wished to avoid announcing a definite date for abandonment; they therefore had been proposing the principle of review in two years.

4. Mr. Clark suggested the possibility of lengthening the period beyond two years now, or of making provision for lengthening it at the end of two years. Mr. Macdonnell pointed out that, although the Canadian authorities were aware of the advantages to the United States of making the period for attempted disposal as indefinite as possible, it was equally important to Canada that this date should be quite definite.

5. Mr. Clark offered the suggestion that paragraph 1D be omitted and a confidential supplementary exchange of notes be substituted. Mr. Macdonnell felt that we should endeavour to eliminate confidential arrangements if possible, and produce a final solution to the disposal problem which would answer public criticism in both countries.

6. Mr. Jones said that the needs of the O.F.L.C. would be met if an arrangement could be made whereby the United States could obtain some return if anyone used Canol equipment after a two-year period during which no disposal was made. Mr. Macdonnell replied that this was reasonable in principle but it might involve some difficulties in practice. The Canadian authorities were anxious to avoid any custodial responsibility, and did not want to take title to Canol. Mr. Clark stated that the United States had no desire for Canada to act as a custodian. They merely asked for the right to seek fair payment at any time from any agency or company which might use Canol equipment. He suggested that a waiver of custodial responsibility might be expressly included in paragraph 1D. Mr. Phinney pointed out that such a waiver would almost certainly be regarded by local residents as an invitation to help themselves to Canol property. While appreciating this point, Mr. Clark said that the United States was interested mainly in significant items such as tanks and the actual pipeline. It was agreed, however, that it would be advisable to omit direct mention of custody if possible.

7. Mr. Jones said that if it were possible to establish a principle of compensation to the United States for beneficial use after two years the United States would be prepared to drop the proposal for review after that period.

8. Mr. Macdonnell then submitted the following paragraph 1D:

“Any of the facilities not disposed of under paragraphs A, B and C above, after a period of two years from the date of this agreement, shall, at the option of the United States, either be removed from Canada by the United States authorities or shall be left in situ and regarded as of no value unless put to beneficial use. The principle is recognized that if any such property should thereafter be put to beneficial use the United States Government should receive fair compensation.”

9. After further discussion the draft was accepted by those present. It was decided to take up the proposal in Ottawa and Washington with a view to effecting an early exchange of the notes proposed by the United States Ambassador on March 15th.

R. M[ACDONNELL]

943.

DEA/463-N-40

*Le sous-ministre des Mines et des Ressources au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Mines and Resources to Under-Secretary of State  
for External Affairs*

Ottawa, November 22, 1946

Dear Mr. Pearson,

I have for acknowledgment your memoranda† of November 13 and November 19, 1946, each transmitting a copy of Note No. 593, dated November 7, 1946,<sup>1</sup> addressed to The Right Honourable, The Secretary of State for External Affairs, Ottawa, from the Honourable Ray Atherton, United States Ambassador and dealing with the proposed disposition of the Canol crude oil facilities.

This note from the United States Ambassador has been examined by our officers and certain points have been raised as follows:

Paragraph A would appear to be satisfactory and the interests of Canada properly protected. However, it should be appreciated that Clause (III) implies that the Canadian Government will expropriate and transfer to the purchaser or purchasers at his or their expense any land, rights of way, riparian rights and other easements required for the satisfactory utilization of the crude oil facilities if such purchaser or purchasers are unable to lease or acquire such land, rights of way, riparian rights and easements on equitable terms from the owners. Under this clause it is possible, although highly im-

<sup>1</sup> Voir Canada, *Recueil des traités*, 1946, N° 41.

<sup>1</sup> See Canada, *Treaty Series*, 1946 No. 41.

probable, that the Canadian Government would have to expropriate ninety-nine acres of the oil refinery site at Whitehorse, Yukon Territory, from the British Yukon Railway Company.

Paragraph "B" reads in part "It is understood that if the United States, its agents, or its successors in interest do elect to remove any or all of the facilities, the Canadian Government will facilitate such operations by providing for continuance of the rights referred to under paragraph 4(b) and 4(d) of the American note of June 27, 1942". That note stated that the rights would continue "during the war". It is now proposed to continue these rights but no time limit has been mentioned and it would seem to be advisable to limit the enjoyment of such rights to a definite period.

There would appear to have been some difficulty experienced in phrasing Paragraph D to meet the wishes of both governments. In our opinion the phrasing of Note 593 does not sufficiently protect the interests of Canada. It would seem that the United States Government is reluctant to use the word "abandoned" or to contemplate the condition of abandonment in connection with the crude oil facilities. Eventually the unsold part or parts of the facilities must be considered as abandoned and the problem is really reducible to a consideration of the date this abandonment will be acknowledged.

Until this acknowledgement is made some authority will need to be recognized as the custodian of the property and some organization recognized as the authority for establishing valuations for the sale of small parts of the facilities to possible tardy purchasers. The Canadian Government does not wish to assume these responsibilities at any time, and the United States Government wishes to relieve itself of them at the expiration of a two-year period, but at the same time to benefit financially from any subsequent sale or disposal without further financial responsibility.

It must be realized that the longer the crude oil facilities and equipment lie unattended the less attractive they will be to a buyer. They will become rusted and obsolete in type and deteriorate in quality. Equipment is stored in buildings which when erected were only intended to be temporary in nature and which even now are becoming adversely affected by the weather, bears and rodents. Roofs and the buildings generally will admit rain and snow to an increasing degree as time goes by and already some of the buildings are in bad shape. Furthermore, the Canol Road is deteriorating rapidly and the problem of getting equipment out will soon involve a major road-building operation.

We have been advised by a competent geologist of this department that the possibility of increased future oil development in the Norman Wells region appears to be so remote that Canol equipment will be so deteriorated and antiquated and the Canol Road so deteriorated, that they will be valueless by the time such development comes to pass.

The land occupied by the crude oil facilities is all Crown Land except about ninety-nine acres of the oil refinery site at Whitehorse and the place where the pipe-line crosses the White Pass and Yukon Route, the latter two privately

owned parcels of land being owned by the British Yukon Railway Company, a subsidiary of the White Pass and Yukon Route.

The Department of Mines and Resources has leased ninety-nine acres of the oil refinery site from the railway company and granted a Permission to Occupy to the United States Government. If the refinery is to be operated, the operator will need to make an agreement for the site with the railway company. If the refinery is not to be operated the Department will wish to terminate the lease within a reasonable time and not be obligated to continue the lease for an indefinite or long period while the plant remains idle and gradually disintegrates. This means that if the refinery is not to be operated some arrangement should be made for dismantling and disposing of the plant and cleaning up the site preparatory to returning it to the railway company within a certain time limit. The responsibility for this work should be defined.

The last sentence of Paragraph D reads "The principle is recognized that if any such property should thereafter be put to beneficial use the United States Government should receive fair compensation". The wording of this sentence might be interpreted as leaving the Canadian Government liable for fair compensation or at least it does not clearly relieve the Canadian Government of liability if a trespasser or person who has no right puts the property to some beneficial use.

The point of the whole matter seems to be that the United States officers have been endeavouring to improve their position, whereas the feeling here is that there is no justification from the Canadian standpoint for further concessions.

Yours very truly,

C. W. JACKSON  
for the Deputy Minister

944.

I.A.M./Vol. 99

*Mémoire du ministère des Affaires extérieures au Cabinet*

*Memorandum from Department of External Affairs to Cabinet*

[Ottawa,] November 30, 1946

DISPOSAL OF CANOL CRUDE OIL FACILITIES

1. By an exchange of notes in June 1942 the United States Government were given authority to construct a pipeline from Norman Wells to Whitehorse, to drill additional oil wells in the Norman Wells area, and to construct at Whitehorse a refinery and storage facilities. It was then agreed that at the termination of hostilities the facilities would be valued jointly and the Canadian Government would be given first option to purchase at the agreed valuation. If the option were not taken up it was the understanding that the facilities would be offered for sale publicly—the agreed valuation to be the reserve price. In the event that no purchaser could be found disposition would then be referred to the Permanent Joint Board on Defence, for an

opinion on the continuing defence value of the project, and dismantling would not be allowed until recommended by the Joint Board.

2. In February 1945, the Canadian Government agreed that the United States might terminate or modify operation of any or all of the Canol facilities when military considerations needed no longer to be taken into account, and that action to evaluate the facilities be initiated within a reasonable time following notice of termination.

3. Later in 1945, the Canadian Government waived their option to purchase and it was agreed between the Governments that plans for joint valuation should be abandoned and that provision for a reserve price should be dropped. The United States Authorities undertook to submit plans for disposition at a later date.

4. On November 7, 1946, the United States Government, in note No. 593 (attached), submitted these plans. In view of the opinion of the military authorities that the Canol Project is no longer of defence value, they suggest that the question of disposal should not be referred to the Joint Defence Board. Instead the United States propose to advertise the sale of the crude oil facilities in the press of both countries with a view to sale to a private company. If unsuccessful, the United States propose that they be permitted to remove any of the facilities. The Canadian Government may purchase from the United States any of the facilities not disposed of by sale or removal. In the event that the facilities are not disposed of in any of these ways the following procedure is suggested:

ID "Any of the facilities not disposed of (under paragraphs A, B, and C above), after a period of two years from the date of this agreement, shall, at the option of the United States, either be removed from Canada by the United States authorities or shall be left in situ and regarded as of no value unless put to beneficial use. The principle is recognized that if any such property should thereafter be put to beneficial use the United States Government should receive fair compensation."

5. One provision of the agreement grants exemption from import duties and excise taxes on any portion that may be sold for operation in Canada. The Department of National Revenue concurs in this. It is unlikely that much, if any, of the project will be bought for operation in Canada, but the United States Government attaches importance to including the provision to help them in explaining and defending the agreement. A similar policy has been followed in other agreements relating to war surplus.

6. The United States has proposed that the provisions of the agreement shall come into force on a date to be mutually agreed. This stipulation is to comply with their law which requires that certain surplus property disposal agreements must be before Congress for 30 days before becoming effective.

7. The section quoted above is designed to satisfy the United States by avoiding the use of the word "abandoned" and to answer Canadian requirements by the elimination of any suggestion of Canadian involvement in dis-

posal. The United States naturally wish to guard against the possibility either of a potential buyer "sitting out" a two year period or of a discovery of additional oil increasing the value of Canol after the United States has abandoned claim. In order to clarify further Canada's position, the United States has agreed to an exchange of letters firmly establishing the principle that the Canadian Government has no custodial responsibility and takes no responsibility for the payment of fair compensation if the facilities are put to beneficial use by private users.

8. Accordingly it is recommended to the Cabinet that they accept the United States proposals on the understanding that Canada assumes no responsibility for custody of or compensation for the Canol facilities.

945.

DEA/463-N-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] December 3, 1946

## DISPOSITION OF CANOL CRUDE OIL FACILITIES

At the meeting of the Cabinet on December 3rd, it was agreed that the United States proposal for disposition of the crude oil facilities of the Canol project be approved, on the understanding that the Government assume no responsibility for custody or compensation.<sup>1</sup>

## SECTION C

## STRATÉGIE DE DÉFENSE/DEFENCE PLANNING

946.

DEA/52-C

*Mémorandum de la section canadienne, CPCAD*

*Memorandum by Canadian Section, PJBD*

SECRET

January 5, 1946

## REVISION OF ABC-22

With regard to the revision of the Joint Canadian-United States Defence Plan (ABC 22), the following proposals are submitted by the Canadian Section of the Permanent Joint Board on Defence:

1. It is desirable that both countries should agree on certain fundamental principles for planning including the following:

(a) INFORMATION AND INTELLIGENCE. There should be a free and unrestricted exchange of information and intelligence in so far as it affects the forces of North America and this free flow of information should receive the necessary security safeguards.

<sup>1</sup> Voir échange supplémentaire de notes sur la disposition du projet Canol dans Canada, *Recueil des traités*, 1946, N° 41.

<sup>1</sup> For supplementary exchange of notes on the disposal of the Canol Project see Canada, *Treaty Series*, 1946, No. 41.

(b) **ALL EMBRACING PLAN.** The plan for the defence of North America should be all embracing, i.e. it should not only cover Alaska and northern Canada, but Newfoundland, Greenland and Iceland; and any early warning system which may be part of the plan should be a uniform system throughout.

(c) **STANDARDIZATION OF EQUIPMENT.** The early warning and communication equipment (radar, wireless, etc.) should be standardized across the whole of the fronts.

(d) **COMMAND AND ORGANIZATION.** It is felt that the principle of Command should remain as simple as possible, i.e. as long as the troops of only one nation are stationed in an area, to remain on national lines, but as soon as the forces of both nations are involved the Command should be a designated Command, designated by the Governments concerned.

(e) **RESPONSIBILITY FOR MAPPING AND SURVEY.** This responsibility should remain with the country concerned, and each country should provide the maps on the scale desired by the other partner.

(f) **TERRITORIAL CONSIDERATIONS.** The stationing of troops in the other nation's territory should be avoided until war is imminent. Construction of air-fields, camps, installations, to be carried out by nationals concerned.

#### PROCEDURE

2. Combined planning committees of the two countries should meet together, alternately in Washington and Ottawa as required, with the object of producing a common appreciation and plan.

#### APPRECIATION

3. The first responsibility of these combined planning committees should be to prepare an appreciation of the problem along with an outline plan. This appreciation and outline plan should be submitted to the Board after consultation with the respective Chiefs of Staff and, if approved, should be submitted by the Board to the two Governments.

#### IMPLEMENTATION OF THE OUTLINE PLAN

4. On acceptance of the Plan, the Board should consider its implementation over a definite period.

947.

W.L.M.K./Vol. 249

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM

Ottawa, January 16, 1946

IMMEDIATE. TOP SECRET AND PERSONAL. Your telegram D.2230 of December 14th. United States proposals for bases.

1. We have given preliminary consideration to the general issues involved in these proposals and are continuing our examination. On broad grounds we

would welcome the assumption by the United States of responsibility for the maintenance of a far-flung chain of bases in the Atlantic and Pacific, provided that they were to be made available on acceptable terms to the Security Council and that equitable arrangements could be reached for civil aviation facilities at certain points. At the same time, we appreciate your anxiety lest the position of the United Nations Organization should be prejudiced through pressure by the United States to secure rights at this stage. Where military facilities have been established in foreign territories during the war (e.g. the Azores), however, it seems important that there should be no gap between the lapsing of wartime rights and the adoption of long-term arrangements.

2. It is, of course, of special interest to Canada from the point of view of North American defence that the United States should have effective use of suitable outlying bases in the North Atlantic and North Pacific. In this connection we are about to institute, under the auspices of the Canada-United States Permanent Joint Board on Defence, joint discussions with a view to revision of the existing defence plan which was adopted in 1941 by the two governments, at the Board's instance. It is clear that the maintenance or establishment of such U.S. bases, particularly in Newfoundland, Greenland and Iceland, would directly affect any revised plan which may be worked out.

3. In short, we regard it as in the interest of Canada and in the general interest of the Commonwealth and the United Nations Organization that the United States should have extensive rights and responsibilities outside her own territories. However, we also are dubious about the timing of some of the requests which they have put forward especially as they may encourage the Soviet government to make undesirable demands.

W. L. MACKENZIE KING

948.

DEA/52-C

*Mémoire du secrétaire, la section canadienne, CPCAD*

*Memorandum by Secretary, Canadian Section, PJBD*

TOP SECRET

[Ottawa,] January 18, 1946

NOTE ON PERMANENT JOINT BOARD ON DEFENCE  
MEMORANDUM DATED JANUARY 17TH, 1946

This memorandum was worked out at meetings of the Board on January 16th and 17th using a paper presented by General Henry dated December 21st, 1945, as a basis for discussion. It includes all the points which the Canadian Chiefs of Staff and the Canadian Section of the Board wished to see incorporated.

At the earnest request of General Henry, this paper was not made a formal recommendation of the Board and is not attached to the Journal. General

Henry felt that the distribution of the Journal in the War Department is so wide that if proposals for joint defence planning were included with it, they would come to the attention of too many officers not concerned with the problem.

The memorandum will be presented to the War and Navy Departments by the United States Army and Naval Members. If it is approved (and this is expected) a United States planning group will be designated and General Henry will advise the Secretary of the Canadian Section, suggesting a date for the Canadian planning group to come to Washington for the first joint meeting.

It will be noted that the Canadian suggestions as to procedure were acceptable to the United States Section of the Board. Joint planning groups will meet alternately in Washington and Ottawa (this is not spelled out but it is understood) and will report progress to the Board. Eventually, it is contemplated that the Board will submit a plan to the Governments for their approval.

R. M[ACDONNELL]

[PIÈCE JOINTE/ENCLOSURE]

*Mémemorandum de la CPCAD*

*Memorandum by PJBD*

TOP SECRET

January 17, 1946

The Permanent Joint Board on Defense has for some months been studying and discussing the postwar collaboration of Canada and the United States. At the meeting of the Board in New York on November 7th and 8th, 1945, the Senior United States Naval and Army members presented to the Board joint memoranda from the Secretaries of their respective departments requesting these Senior members to enter into discussions with the Canadian Section looking toward a revision of the basic Canada-United States Defense Plan (ABC 22). At the meeting of the Board in Quebec, on January 16th and 17th, 1946, the Canadian Section informed the United States Section that the Canadian Government had agreed that the revision of this basic defense plan was advisable and should be undertaken and had designated a Committee to work with the Board and an appropriate United States Committee to develop the details of such plan. The Board is of the opinion that more than a development of a basic defense or security plan is needed, and that the armed forces of the two countries should now take action to assure that they are prepared to act promptly in carrying out any security plan in case of emergency. The Board presents in this memorandum its recommendations as to the measures which should be adopted by the armed forces of both countries forthwith, and also presents its recommendations as to the general principles which should be incorporated in any revision of a Joint Security Plan.

PRINCIPLES PROVIDING FOR JOINT COOPERATION OF  
CANADA-UNITED STATES ARMED FORCES  
AND FOR  
THE CANADA-UNITED STATES SECURITY PLAN (CA-1)

SECTION I

PREAMBLE

The armed forces of the United States and Canada, realizing that any danger to the security of the North American Continent will involve the armed forces of both countries, deem it desirable to provide for the close cooperation of Canadian and United States armed forces and to revise the Joint Canadian-United States Defense Plan (ABC-22), in order to insure the security of the two countries. This revised plan will be known as "The Canada-United States Security Plan," (short title, CA-1).

SECTION II

COOPERATIVE MEASURES

In order to prepare their respective armed forces for joint action, the following principles are adopted forthwith:

(a) Canada and the United States will jointly prepare an all embracing plan to preserve the security of the two countries.

(b) There will be free and comprehensive exchange of military information and intelligence insofar as it affects the security of the two countries. Each country will respect the security classification of the other and in particular will undertake to observe all restrictions on circulation specified by the originating country.

(c) Personnel of the armed forces of one country may be assigned to the armed forces of the other country in such numbers and upon such terms as may be agreed upon from time to time by the respective military, naval and air authorities.

(d) The principle of standardization in arms, equipment, organization, methods of training and new developments will be applied as far as practicable. Appropriate joint groups will be organized to study and make recommendations on these matters.

(e) Joint manoeuvres and joint tests of material of common interest should be encouraged.

(f) The agreement for the reciprocal transit of military aircraft and public vessels now in effect should be continued, and the military, naval, and air facilities of each country will continue to be made reciprocally available to the armed forces of the other country.

(g) Each country will be responsible for mapping and surveying its own territory and will provide maps on the scale required for agreed needs.

(h) In order to develop a Joint Security Plan, joint groups will be established to study and recommend to the PJB for reference to the two Governments the military, naval, and air installations, bases, meteorological services, communication services, and industrial facilities needed, together with the forces required and their specific responsibilities in connection with the security of both countries. Their studies should be revised from time to time.

### SECTION III

#### GENERAL PRINCIPLES TO BE INCORPORATED IN THE CANADA-UNITED STATES SECURITY PLAN (CA-1)

##### *Purpose*

This Security Plan is prepared to provide for the Joint Operation of Canadian and United States Armed Forces in case of danger to the security of the North American Continent. It will be placed in effect by the Chiefs of Staff of Canada and the United States when so directed by the Canadian and the United States Governments.

##### *General Provisions:*

1. In time of emergency a United Canada-United States Chiefs of Staff (CANUSA) will be organized and located at a place to be mutually agreed upon. CANUSA will be charged with the implementation and strategic direction of this plan.

2. As far as practicable each nation will provide within its own territory such installations and facilities and will develop such forces as are necessary for the implementation of this plan.

3. So far as practicable each nation will make available its own bases, harbors, repair and other facilities for use by the forces of the other.

4. A unified command may be established for any Canada-United States forces operating in any area or areas or for particular Canada-United States forces operating for a common purpose:

(a) Upon direction of CANUSA, or

(b) When the immediate commanders of the Canada-United States forces concerned agree that the situation requires the exercise of unity of command, and further agree as to the Service that shall exercise such command. All mutual agreements shall be subject to confirmation by CANUSA, but this provision shall not prevent the immediate establishment of unity of command in case of emergency.

5. Unity of command, when established, vests in one commander the responsibility and authority to coordinate the operations of the participating forces of both nations by the setting up of task forces, the assignment of tasks, the designation of objectives, and the exercise of such coordinating control as the commander deems necessary to ensure the success of the operation. Unity of command does not authorize a commander exercising it.

to control the administration and discipline of the forces of the nation of which he is not an officer, nor to issue any instructions to such forces beyond those necessary for effective coordination.

6. The assignment of an area of responsibility to one nation shall not be construed as restricting the forces of the other nation from temporarily extending appropriate operations into that area, as may be required by particular circumstances.

7. For all matters requiring common action, each nation will require its commanders in all echelons and services, on their own initiative, to establish liaison with and cooperate with appropriate commanders of the other nation.

*Joint General Mission:*

To provide for the security of the United States and Canada against armed attack.

A. G. L. McNAUGHTON

F. H. LA GUARDIA

949.

DEA/52-C

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

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

TELEGRAM WA-502

Washington, January 29, 1946

FOR IMMEDIATE ACTION. TOP SECRET. I have received from Mr. Macdonnell a Top Secret memorandum of January 17th prepared by the Permanent Joint Board on Defence. The implications, political and military, of the proposals in this memorandum are, of course, very far-reaching, and it deserves much more consideration than I have yet been able to give it, but I thought that you might like to have my first reactions, tentative though they are.

In the first place, I am struck by the formality of the proposed document. It is almost in treaty form, whereas one might have thought that at this stage something more in the nature of a statement of general principles would have been sufficient. This, however, is a point of form rather than substance. More important, I think, is the omission of any reference to the United Nations Organization, its provisions, and the machinery set up by them for the security of its members. Surely we cannot work out separate defence arrangements without relating them somehow to general international security arrangements. In this connection, the arguments which you advance in your letter of January 7th<sup>†</sup> concerning Canada's association with the proposed Inter-American Security Agreement to take the place of the Chapultepec arrangement apply, to some extent at least, to the proposals of the memorandum. I recognize that these proposals can, without difficulty, be related to any wider arrangements, but should this not be made clear in the earliest drafts? For instance, in paragraph 1 reference is made to the respective armed forces acting promptly

“in carrying out any war plan in case of emergency”. Some limitations or qualifications might be included here to make clear that the only war plans which could be carried out would be those within the terms of the United Nations’ Charter. A similar insertion might be made to Section III (purpose), after “in case of danger to the security of the North American Continent”.

Do the arrangements contemplated in this document go further than any similar undertaking with respect to defence relationships within the British Commonwealth of Nations? If they do, and it seems to me that this is the case, then if the document were ever made public, criticism would certainly be directed to that aspect of it. Am I right in thinking that our arrangements within the Commonwealth for coordination of defensive measures have always been strictly between the services and we have resisted their inclusion in any inter-Governmental agreement? If you substituted the United Kingdom for the United States of America in the proposals in question, would they be equally satisfactory? If not, you can visualize the criticism which would follow in certain quarters. If this is a difficulty, could it not be overcome in part by leaving out the preamble altogether with its reference to Governments? This would make the agreement one between the services of both countries only, to be brought into effect when Governments determine. Section III (5), providing for unity of command is, of course, widely drawn, and no doubt necessarily so. By giving the single Commander power to issue any instructions necessary for effective coordination, he could, I suppose, do pretty well what he wished.

950.

DEA/52-C

*Mémoire du secrétaire du Cabinet au sous-secrétaire d'État  
aux Affaires extérieures*

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

TOP SECRET

Ottawa, February 1, 1946

RE: JOINT PLANNING WITH THE UNITED STATES

1. I have again gone over the P.J.B.D. memorandum of January 17th and the attached paper, being the Board’s “recommendations as to measures which should be adopted by (the armed forces of) both countries forthwith” and “the general principles which should be incorporated in any revision of a Joint Security Plan”. In my opinion, these documents should not be taken as a basis for joint planning without full Cabinet discussion and approval; further, I believe they should undergo substantial revision, both as to form and substance, before they are submitted to the government.

2. The objections to these documents emerged during our discussion in your office earlier this week. Mr. Pearson, in his Teletype WA-502 of January 29th, has also drawn attention to the two most important, viz. the omission

of any reference to the United Nations security arrangements under the Charter, and the relationship of the proposed undertakings to our position within the Commonwealth.

The fact is that the Board's proposals go far beyond a working paper for the instruction of joint planners. They take the form of a basic security pact and contain a statement of fundamental military obligations.

3. We had expected something quite different. On the basis of proposals reported at an earlier meeting by the U.S. Section of the Board, and said to have emanated from the U.S. Secretaries of War and Navy, the government were invited to approve the institution of joint defence planning under the Board's auspices. On December 19th, 1945, the Cabinet accepted a recommendation of the Cabinet Defence Committee to this effect, on the understanding that any new plans for joint defence would be submitted to the government for decision. At the same time, it was agreed that the Chiefs of Staff Committee, with the addition of appropriate civilian officials, would be given responsibility for co-ordinating Canadian participation in the preparation of joint plans.

The conclusions of the P.H.P.<sup>1</sup> Advisory Committee's paper on postwar defence relationships with the United States were accepted as general terms of reference for Canadian planning groups, and reservation was made in respect of any proposals involving a substantial departure from current plans for Canada's postwar forces.

We thought that no further action by the government would be required until actual planning had advanced at least some distance and that, meantime, the planners could be instructed on the basis of these discussions and decisions in the Cabinet Defence Committee and in the Cabinet.

4. However, the Board have produced the recommendations of their memorandum of January 17th, as amended by their supplementary memorandum of January 25th,† and the immediate question is how these documents should be dealt with and how joint planning can be instituted without delay.

My suggestions are as follows:

(a) That appropriate steps be taken to defer action by the two governments upon the Board's recommendations, on the ground that in their present form they are inappropriate and premature.

If necessary, it might be suggested to the Board that their memoranda be withdrawn for consideration at a later date in amended form.

(b) That the two Sections of the Board agree upon written instructions to the planners in the form of a working paper from the Board on the basis of policies already settled.

In the case of Canada, it would not be difficult to include most of the points made in the Board's memoranda as flowing naturally from Ministerial discussions and from the contents of ABC-22.

<sup>1</sup> Post-Hostilities Problems.

(Mr. Macdonnell's revision of January 29th† goes some distance to meet this suggestion, but would, in my opinion, require further substantial modification before it satisfied these conditions.)

The eventual product of the planners of the two countries as submitted to the Board and recommended to the two governments might well include a draft "Canada-U.S. Security Plan" and could then be considered and dealt with in relation to our commitments to the United Nations and as a member of the Commonwealth. Meantime, planning could go forward without hindrance, and the nature of Canada's other security obligations may have become clearer.

5. I shall send you shortly a note of amendments which might be made to Mr. Macdonnell's memorandum of January 29th.

A. D. P. H[ENEY]

951.

DEA/52-C

*Le représentant principal de l'armée américaine, CPCAD,  
au secrétaire, la section canadienne, CPCAD*

*Senior United States Army Member, PJBD,  
to Secretary, Canadian Section, PJBD*

SECRET

Washington, February 7, 1946

Dear Mr. Macdonnell,

At the meeting of the PJB 7-8 November 1945, the Canadian Service Members stated that as a practical measure of continuing collaboration and to assist in coordinating the Armed Forces of the United States and Canada, the Canadian Chiefs of Staff recommended that the practice of interchange of Canadian-United States officers within selected positions should be developed.

The Board agreed with this and the United States Navy and Army members undertook to seek the approval of their Chiefs of Staff to this proposal. I am pleased to inform you that the Joint Chiefs of Staff have indicated that they consider the interchange of Canadian and United States officers within selected positions in their respective services is desirable as a practical measure of continuing collaboration and to assist in coordinating the armed forces of the two nations. The Joint Chiefs of Staff suggested that details of the interchange, such as number of officers and selection of positions, be arranged between the military services concerned.

As the arrangement of the details has been left to the military services concerned, the Secretary of War has directed the undersigned to handle the matter in this case as far as the War Department is concerned. I am therefore taking the matter up direct with General Letson and Air Vice-Marshal Curtis, the Senior Canadian Army and Air Force Representatives on the Permanent Joint Board.

It is believed that you will receive from the Senior U.S. Navy Member a similar communication in the near future.

Very truly yours,

GUY V. HENRY  
Major General

952.

DEA/52-C

*Mémorandum du secrétaire, la section canadienne, CPCAD,  
au Comité de défense du Cabinet*

*Memorandum from Secretary, Canadian Section, PJBD,  
to Cabinet Defence Committee*

TOP SECRET

[Ottawa,] April 16, 1946

DRAFT 34TH RECOMMENDATION OF THE  
PERMANENT JOINT BOARD ON DEFENCE

Discussions in the Permanent Joint Board on Defence have resulted in a draft 34th Recommendation a copy of which is attached. The Canadian and United States Sections of the Board undertook to ascertain whether a Recommendation along these lines would be acceptable to both Governments. The United States Section is anxious to hold an early meeting of the Board at which the Recommendation would be formally adopted. They are strongly of the opinion that useful and intelligent defence cooperation between the two countries would be assisted, at their end, if a clear statement of principles had been adopted as United States Government policy.

The Chiefs of Staff Committee have approved the draft 34th Recommendation in principle and there are political considerations in its favour which are regarded as important by the Department of External Affairs. Both the Canadian and United States Governments have assumed an obligation under the Charter of the United Nations to register all agreements with the Secretariat. It is true that it would not be desirable to make public a detailed defence or security plan, but this is not called for. What is proposed is the registration and publication of a number of very general measures of cooperation. If this were done, both Governments would be justified in taking the line that any detailed security or defence plan which might later emerge was simply a practical implementation of the agreement already registered and would not itself require registration.

Because of the desirability of avoiding anything in the nature of a treaty or convention, the Board agreed that the best method of procedure would be to make a Recommendation which would be approved by both Governments. It could then be announced simultaneously by both Governments at an appropriate time and a valid and effective agreement would thus be entered into which could be registered with the United Nations.

Another argument for a public agreement lies in the possibility of premature disclosure of the current secret discussions. In the view of the Board, public attention will almost inevitably be drawn to the fact that plans for defence cooperation are being discussed—indeed some newspaper comment has already appeared—and it is desirable that the two Governments should forestall rumours and speculation by announcing agreed measures of cooperation which are simple and straightforward.

It is learned that the United States Section may wish to suggest that subparagraph (f) dealing with the exchange of military information should be put into a separate and non-public Recommendation. They are fully prepared to exchange military information but they feel that the publication of this part of the Recommendation would put them under great pressure from many other countries to enter into the same exchange arrangements, a course which they would not be prepared to follow. It appears that a separate and non-public Recommendation if strongly desired by the United States would be acceptable to the Canadian authorities.

[PIÈCE JOINTE/ENCLOSURE]

*Projet de la trente-quatrième recommandation de la CPCAD*

*Draft of Thirty-fourth Recommendation of the PJBD*

TOP SECRET

April 16, 1946

Discussions which have taken place in the Board have reaffirmed the importance of continuing to maintain, in peacetime, a close relationship between the armed forces of Canada and the United States. It is submitted that the obligations of the Governments of Canada and the United States under the Charter of the United Nations for the maintenance of international peace and security would be fulfilled more effectively through such a relationship. The Board, accordingly, makes the following as its 34th Recommendation:

In order to make more effective provision for the security of the northern part of the western hemisphere, the Governments of Canada and the United States should provide close cooperation between their armed forces in all matters relating thereto and, in particular, should provide for the following measures of cooperation:

(a) Assignment of personnel of the armed forces of one country to the armed forces of the other country in such numbers and upon such terms as may be agreed upon from time to time by the respective military, naval and air authorities.

(b) Encouragement of the adoption, as far as practicable, of common designs and standards in arms, equipment, organization, methods of training and new developments, with due recognition being given in the special circumstances prevailing in each country.

(c) Encouragement of joint manoeuvres and joint tests of material of common interest to the armed forces.

(d) Reciprocal extension of its military, naval and air facilities by each country to the armed forces of the other country with each country continuing to provide reciprocally for transit through its territory and territorial waters of military aircraft and public vessels of the other country.

(e) Allocation of responsibility to each country for mapping and surveying its own territory and providing maps to the other country on the scales required for agreed needs.

(f) Free and comprehensive exchange of military information insofar as it affects the security of the two countries, the circulation of which shall be subject to such restrictions as may be specified by the originating country.

953.

DEA/52-C

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au Premier ministre*

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

TOP SECRET

[Ottawa,] May 2, 1946

In its meeting on April 29th, the Permanent Joint Board on Defence made two recommendations which are attached. These follow closely the drafts considered earlier by Cabinet Defence Committee and by yourself. The Recommendations have been sent to Cabinet Defence Committee.

As regards the 34th Recommendation dealing with the exchange of military information, neither country desires that it be made public. When it has been approved by both Governments it will simply be put into effect and no question of publicity will arise. This Recommendation is of considerable value to the Canadian armed services since, until it is approved, they are refused access to a wide range of United States military information, particularly on research and development, which they are anxious to obtain.

It is proposed that the 35th Recommendation should be made public on an agreed date in Ottawa and Washington. I think that publication should take place under cover of a joint statement by the President and yourself, which could give a fuller and less formal explanation of the purposes than can be incorporated in the Recommendation itself. There will also be certain points not suitable for incorporation in the joint statement which ought to be made here, especially with respect to the bearing of the agreement on our own cooperation with members of the British Commonwealth.

The joint statement might play up the relationship of the Recommendation to the United Nations Charter and particularly to the first paragraph of Article 52 on regional arrangements. We must face the prospect that in some quarters both at home and abroad there will be a tendency to interpret this Recommendation as equivalent to the conclusion of a defensive alliance between the United States and Canada directed against the possibility of attack by Russia. Such an interpretation may well be placed upon it in the U.S.S.R., while in the United Kingdom, and to some extent elsewhere in the British Commonwealth, it may be regarded by some people as impeding cooperation with other Commonwealth countries.

I think it might be well, therefore, before agreement with the United States on a date for publication, to inform the United Kingdom of what we are doing and to tell them that we are willing to make an agreement with them in similar terms. We could thus establish our position clearly as prepared to cooperate closely with the United Kingdom in defence matters while ruling out schemes of exclusive Commonwealth defence arrangements.

The State Department are inclined to favour early publication. They think that the international scene is now as propitious as it is likely to become and that it would be well to have the agreement a matter of public record before any new tensions arise. I understand that they will not secure formal approval of the Recommendation from the President until the eve of publication, so that they cannot be accused of keeping secret the fact that they have entered into a defence arrangement with Canada.

From our own point of view I am satisfied that the agreement is useful and ought to be welcomed by other Commonwealth countries. The problems to which its publication may give rise relate to the interpretation which may be placed upon it and not to its substance.

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Trente-quatrième recommandation de la CPCAD*

*Thirty-fourth Recommendation of the PJBD*

TOP SECRET

The Board considered its First Recommendation made August 26th, 1940, approved by the two governments and now in effect between the two Sections of the Board and through them transmitted to the armed forces of the two countries. This recommendation reads as follows:

“It was agreed that there should be a full and complete exchange of military, air and naval information between the two Sections of the Board, with the understanding that each Section would be free to convey to its government any information they received.”

The Board decided that it was advisable to substitute for the First Recommendation, the following Recommendation:

Subject to the national policies of the two governments, there shall be a free and comprehensive exchange of military information in so far as it affects the security of the two countries, the circulation of which shall be subject to such restrictions as may be specified by the originating country.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Trente-cinquième recommandation de la CPCAD*

*Thirty-fifth Recommendation of the PJBD*

TOP SECRET

Discussions which have taken place in the Permanent Joint Board on Defence, established on August 17th, 1940, have reaffirmed the importance of continuing to maintain in peacetime a close relationship between the armed forces of Canada and the United States. It is submitted that the obligations of the Governments of Canada and the United States under the Charter of the United Nations for the maintenance of international peace and security would be fulfilled more effectively through such a relationship. The Board, accordingly, makes the following Recommendation:

In order to make more effective provision for the security of the northern part of the western hemisphere Canada and the United States should provide for close cooperation between their armed forces in all matters relating thereto, and in particular, through the following measures:

(a) Interchange of personnel between the armed forces of both countries in such numbers and upon such terms as may be agreed upon from time to time by the respective military, naval and air authorities.

(b) Adoption, as far as practicable, of common designs and standards in arms, equipment, organization, methods of training and new developments to be encouraged, due recognition being given by each country to the special circumstances prevailing therein.

(c) Cooperation and exchange of observers in connection with exercises and with the development and tests of material of common interest to the armed services to be encouraged.

(d) Reciprocal provision of its military, naval and air facilities by each country to the armed forces of the other country; each country continuing to provide reciprocally for transit through its territory and territorial waters of military aircraft and public vessels of the other country.

(e) Allocation of responsibility to each country for mapping and surveying its own territory and providing maps to the other country in accordance with agreed needs.

954.

DEA/7-DA

*Mémorandum du secrétaire, le Comité de défense du Cabinet,  
au Comité de défense du Cabinet*

*Memorandum from Secretary, Cabinet Defence Committee,  
to Cabinet Defence Committee*

SECRET

[Ottawa,] May 3, 1946

## AIR BASE REQUIREMENTS IN NORTHERN CANADA AND LABRADOR

1. The following extract from the Journal of the Permanent Joint Board on Defence, dated April 29th, 1946, is submitted for the consideration of the Cabinet Defence Committee:

"The Board discussed at length the question of immediate air base requirements in Northern Canada and Labrador. It was recognized that, although the United States at the conclusion of the war in Europe had declared the Crimson Route in Northeastern Canada to possess no continuing defence value, this declaration was based on then existing considerations. In general, the Board were agreed that final decisions could not be reached until the joint Canada-United States planning groups had submitted their recommendations. It was felt, however, that the contemplated studies would reveal a need for a number of air bases in the North and that considerations of prudence and economy indicated the desirability of maintaining these bases since to close them down and later to bring them back into operation would involve considerable additional expense. The Board stressed the importance of the maintenance of bases required for the completion of the programme of photography for air charting and mapping. The Board agreed upon the following conclusions and requested the Secretary of the Canadian Section to bring them to the attention of the appropriate authorities:

(a) the Northwest Staging Route, including the airways system, airfields, highway and landline communication system, is vital to the defence of Canada and the United States. The operation of this Route should not be reduced below a level which will provide at all times for the safe transit of large numbers of military aircraft of all types. These facilities will be of little value if not immediately available for use on a large scale as no warning can be expected of any future attack;

(b) the facilities of the Mackenzie River Air Route should be retained pending assessment of the defence value of all parts of the system by the United States-Canada combined planning group. These facilities should be maintained in an operating condition insofar as they are required for the program of trimetrogon photography and air chartering;

(c) the aerodromes of the Crimson Route, including The Pas, Churchill, Coral Harbour (Southampton Island), Frobisher Bay and Fort Chimo, are considered to possess great strategic importance, the exact assessment of which, however, must await the findings of the United States-Canada joint planning group. Meanwhile, these facilities should be retained and maintained on a fully operational basis insofar as they are required by the program of

trimetrogon photography and air charting. The full operation of Churchill, however, is considered necessary regardless of photographic requirements.

(d) Goose Bay is considered vital to the defence of the United States and Canada and should be maintained as a military base on such a scale as to provide for the stationing of operational squadrons as required."

E. W. T. GILL

955.

DEA/72-AN-40

*Le secrétaire du Cabinet au secrétaire, la section canadienne, CPCAD*

*Secretary to the Cabinet to Secretary, Canadian Section, PJBD*

SECRET

Ottawa, May 13, 1946

Among the items dealt with by the Cabinet at their meeting of May 9th, the following decisions are of interest to the Canadian Section, Permanent Joint Board on Defence:

*Northern defence facilities; maintenance of airfields*

The Minister of National Defence reported that the Cabinet Defence Committee had examined the conclusions of the Permanent Joint Board respecting air base requirements in northern Canada and Labrador and had agreed as follows:

(a) that present arrangements for the maintenance of the Northwest Staging Route and ancillary facilities, under Service auspices, provided for the operation of these facilities in accordance with the recommendation of the Board;

(b) to recommend to the Cabinet:

(i) that the airfields on the Mackenzie River Route be maintained in an operating condition until October 1st, 1946, by the Department of Transport, to the standard required for the conduct of the air photography programme;

(ii) that the airfields at Churchill and The Pas, on the Northeast Staging Route, be maintained in an operating condition until October 1st, 1946, by the Department of Transport, to the standard required for the conduct of the air photography programme, and that the airfield at Southampton Island be maintained on a caretaker basis;

(iii) that, in making Churchill airfield serviceable, the Department of Transport look into the possibility of making temporary repairs using local labour;

(iv) that the Air Force continue to operate Goose Bay airfield and that, if necessary, the personnel required for this purpose (estimated at 500) be additional to presently authorized establishments;

(v) that the construction of married quarters for 25 men be authorized, at a cost not to exceed \$100,000; and

(c) that the whole position with respect to these airfields be reviewed in the light of current Canadian-United States defence planning.

The Cabinet approved the recommendation submitted by the Minister on behalf of the Cabinet Defence Committee on the understanding that Air Force operation of the base at Goose Bay would be continued without increase in presently authorized establishments.

*Defence cooperation with the United States;*

*P.J.B.D. 34th and 35th Recommendations*

The Minister of National Defence reported that the Cabinet Defence Committee had examined and discussed at length these Recommendations of the Board and recommended that the former be approved and that the latter be amended as to paragraphs (d) and (e) in order to make it clear that reciprocal provision of facilities and responsibility for mapping and surveying be subject to agreement between the two governments.

The Cabinet agreed:

(1) that the 34th Recommendation (exchange of military information) be approved; and

(2) that, in view of the important considerations of policy involved, action upon the 35th Recommendation (measures of cooperation between the Armed Forces of the two countries) be suspended pending its further examination in relation to current defence discussions with other Commonwealth countries.

*Extension of Loran programme in northern Canada*

The Minister of National Defence reported that the Cabinet Defence Committee had also considered the Board's recommendation for approval of a U.S. request for continuation until May, 1947, of the joint experimental programme for low frequency Loran in relation to navigation and for defence purposes. The Committee had agreed to recommend approval of this request as recommended by the Board.

The Cabinet approved the recommendation submitted by the Minister on behalf of the Defence Committee.

E. W. T. GILL

for the Secretary to the Cabinet

956.

A.G.L.M./Vol. 288, 1-5-2-1

*Mémorandum du Comité conjoint canado-américain de coopération militaire*

*Memorandum by Joint Canadian-United States  
Military Co-operation Committee*

TOP SECRET

May 23, 1946

REPORT OF PROCEEDINGS AT WASHINGTON, D.C., 20-23 MAY 1946

1. The Joint Canadian-U.S. Military Cooperation Committee met in Washington, D.C. Monday, 20 May 1946 to Thursday, 23 May 1946 inclusive in Room 3 E 673, The Pentagon Building.

2.a. The following named initially appointed members of the Committee were present:

CANADIAN SECTION

Air Vice-Marshal W. A. Curtis Air Member for Air Staff  
 Maj. Gen. Daniel C. Spry Vice-Chief of the General Staff  
 Commodore H. G. DeWolf Asst. Chief of the Naval Staff  
 Air Commodore C. R. Dunlap Deputy Air Member for Air Staff  
 Mr. Ronald M. Macdonnell Secty, Canadian Section, PJBD  
 Col. John H. Jenkins Dir. of Mil. Ops. and Planning  
 Capt. H. N. Lay Dir. of Naval Plans and Intell.  
 Mr. E. W. T. Gill Secty, Cabinet Defence Committee

U.S. SECTION

Maj. Gen. Guy V. Henry Sr. U.S. Army Member, PJBD  
 Rear Adm. M. R. Greer Jr. U.S. Navy Member, PJBD  
 Mr. J. Graham Parsons Secty, U.S. Section, PJBD  
 Capt. G. W. Anderson, Jr. Representative of the Navy Planner  
 Col. Robert J. Wood Representative of the Army Planner  
 Col. Elliott Vandevanter, Jr. Representative of the Air Planner

b. The following named initially appointed U.S. members of the Committee were absent:

Rear Adm. R. E. Schuirmann, Sr., U.S. Navy Member, PJBD  
 Col. Chas H. Deerwester, Jr., U.S. Army Member, PJBD

3. The following named additional personnel participated in the meetings:

CANADIAN SECTION

Group Capt. W. W. Bean Directorate of Air Staff Plans  
 Col. W. A. B. Anderson Dir. of Military Intelligence  
 Lt. Col. F. Le P. T. Clifford Directorate of Mil. Ops. and Plan.  
 Wing Commander R. F. Miller Secty, Canadian Planning Team  
 Lieut. Cmdr. E. F. Sheffield Directorate of the Nav. Plans and Int.

U.S. SECTION

Lt. Col. Stanley W. Dziuban Strat. & Policy Gp., Operations Div.  
 Lt. Col. Francis E. Timlin Air Staff Plans

4. At the beginning of the opening meeting, the 34th Recommendation of the Permanent Joint Board on Defense, Canada-U.S., which has been approved by the two governments, was read for the information of the Committee by Maj. Gen. Henry, who sat as Chairman:

Subject to the national policies of the two Governments, there shall be a free and comprehensive exchange of military information in so far as it affects the security of the two countries, the circulation of which shall be subject to such restrictions as may be specified by the originating country.

It was stipulated by both Canadian and U.S. Sections of the Committee that such information as might emanate from each Section during the meetings,

either written or oral, should not be transmitted by the other Section to any third party, but should be restricted to essential Canadian and United States agencies.

5. Views of the Canadian and U.S. Sections on diverse matters relating to the security of Canada and the United States and to the general subject of continuing military cooperation between the two countries were presented and discussed.

6. The papers attached hereto, entitled as follows, were drafted and approved by both Canadian and U.S. Sections of the Committee for presentation to their respective Chiefs of Staff as the broad basis for the continuation and development of active military cooperation between the armed forces of the two countries:

- a. An Appreciation of the Requirements for Canadian-U.S. Security. (No. 1, 23 May 1946)
- b. Outline of Joint Canadian-U.S. Basic Security Plan.† (No. 1, 23 May 1946)

7. The Committee adjourned on 23 May 1946 for further study and examination by each Section of the matters in hand as a preliminary to further action thereon through the Permanent Joint Board on Defense, Canada-U.S., or at the next meeting of the Committee.

GUY V. HENRY  
Major General, USA  
Senior U.S. Member

W. A. CURTIS  
Air Vice-Marshal, RCAF  
Senior Canadian Member

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du Comité conjoint canado-américain de coopération militaire*  
*Paper by Joint Canadian-United States Military Co-operation Committee*

May 23, 1946

AN APPRECIATION OF THE REQUIREMENTS FOR CANADIAN-U.S. SECURITY

I: JOINT SECURITY MISSION OF THE U.S. AND CANADA

1. To defend the territory of Canada, Newfoundland and the United States, including Alaska, and to protect the vital sea and air communications associated therewith, in order to insure the ultimate security of Canada and the United States.

II: CONCEPT OF SECURITY MEASURES

2. In the past North America has been comparatively immune from heavy attack by a hostile power, due to geographical barriers created by the Atlantic and Pacific Oceans and the frozen wastes of the Arctic. Technical developments in the art of warfare occasioned by scientific progress have lessened this

immunity and portend that it will diminish progressively. Hence we are now confronted with the necessity of modifying our concept of defense for the United States and Canada. The principal advancements in the science of war responsible for this change are:

- a. The increased range of application of destructive power and armed force resulting from the development of modern aircraft, amphibious technique, guided missiles, and advancement in technique of submarine warfare.
- b. The increased destructive capacity of weapons such as the atomic bomb, rockets, and instruments of biological warfare.

### III: ANALYSIS OF THE INTERNATIONAL SITUATION

3. It is impossible to estimate firmly the likelihood of a major war or when it might occur. It is reasonably certain that no nation desires to become involved in a war now, and that no major world power has as yet developed an economic potential considered adequate to support a major war in opposition to a combination of powers which would include the United States and Canada. However, the possibility exists that a major world power might precipitate war or might extend its policies to a point which Canada and the United States, in their own vital security interest, could no longer tolerate. This possibility is emphasized by the present delicate international situation which is characterized by the divergent tendencies in several critical areas each of which contain the seeds of possible global conflict which could germinate with unusual rapidity.

4. A major war involving the United States and Canada may have as its inception an outbreak of war between European powers which would involve Great Britain, and with the eventual intervention of Canada and the United States on the side of Great Britain. It is possible that an alignment of certain nations might overrun the European continent. Such hostile powers however, could not ignore the war-making potential of the United States, Canada and the unconquered members of the British Commonwealth of Nations which might therefore become targets for attack. Hostile powers would not forget that in World Wars I and II this potential was the decisive factor.

### IV: ENEMY CAPABILITIES AND INTENTIONS

5. Any power or combination of powers capable of overrunning Europe would of necessity possess a great superiority in manpower and in organized ground and tactical air forces. It is reasonable to assume that such power would also have a submarine force which could be readily expanded by modern production methods and could embody technical improvements developed by German scientists. However, there would still be certain weaknesses in such a war machine. No European or Asiatic nation, with the exception of Great Britain, now possesses an adequate strategic air force, effective naval surface forces including carrier striking forces, amphibious lift and support, or the atomic bomb. It must therefore be expected that any war-minded nation would make every effort to overcome these weaknesses

prior to the commencement of hostilities. Two factors which must be accorded appropriate consideration in the development of any joint security plan are (a) the enemy's determination to overcome these weaknesses and (b) the time interval involved in rehabilitating war-torn industry and developing European scientific talent (including that of Germany).

6. While the rate of reorganization and development of the war potential of Europe would affect the time for the possible precipitation of a war, the continued reduction of U.S. and Canadian armed forces tends to improve the relative ability of any other nation to wage war against our countries.

7. Although enemy capabilities for offensive action against the U.S. and Canada are limited in the immediate future, they will progressively increase as ostensible weaknesses are overcome—attaining culminating proportions when any potentially hostile power has available a weapon of the destructive effectiveness of the atomic bomb. Prior to overcoming these weaknesses, it is reasonable to assume that any war-minded nation would attempt maximum gain by all methods short of a major war.

8. On the other hand, the completion of a vigorous program of economic and industrial development plus possession of the atomic bomb would change the picture. With such a weapon, any war-minded power would feel confident of the ability to inflict significant damage to Canadian and U.S. war-making ability and the will of our people to fight. It is the consensus of informed scientific thought that it will probably require three to five years for any potential enemy to develop and produce the atomic bomb.

9. A *major* invasion of Canada and the United States will be beyond enemy capabilities for at least several years and would not be attempted prior to securing local air and naval superiority. However, an enemy might attempt a *limited* invasion of Alaska, northern Canada or other positions in the northern part of the Western Hemisphere for the purpose of projecting further operations against vital or more densely populated areas of the United States and Canada. An enemy would undoubtedly initiate a vigorous submarine campaign, including the use of mines, against U.S. and Canadian shipping. Sabotage of U.S. and Canadian industry on the largest possible scale would likewise be a practical certainty. The introduction of specially trained sabotage teams by air or submarine must be expected. Capabilities of potentially hostile powers to conduct sustained long-range air operations would be slight initially, but limited long-range air attacks are possible. A strategic air offensive against the United States and Canada would probably be initiated as soon as suitable means were available. Pending availability of the atomic bomb this air offensive would include conventional type bombing and mine-laying in coastal or inland waters.

10. The extent of a threat of sabotage and subversion in North America cannot be fully estimated. It is evident, however, that a serious threat exists in this field which should diminish as our nations mobilize for war. Sabotage and industrial slowdown through subversion and demoralization would be

highly effective. Because of the difficulties of identifying and taking action against subversive groups in the United States and Canada such operations may be difficult to check. This threat is one which offers great military advantages to an enemy with a minimum expenditure of military effort. It is a problem which merits the most thorough evaluation and countermeasure planning by the responsible civil and military agencies in the United States and Canada.

11. Summarizing, it is estimated that the capabilities of foreign nations to undertake offensive actions against the United States and Canada will include:

*a. Initial capabilities in the next three to five years.*

(1) Sabotage in Canada and the United States by subversive groups and agents, some of whom may be introduced by air or submarine.

(2) Destruction of United States and Canadian shipping by submarines including use of mines.

(3) Aircraft attacks of limited strength against our peripheral bases and facilities in Alaska and Northern Canada or minor harassing attacks at longer range against interior areas of Canada and the United States.

(4) Occupation in limited strength of outlying positions in Alaska, Northern Canada or Greenland.

(5) Biological warfare.

*b. Additional initial capabilities beginning about 1950.*

(1) Attacks with guided missiles, rockets, or aircraft launched from submarines.

(2) Very Long-range air bombardment of vulnerable areas of the United States and Canada possibly with atomic bombs.

(3) Seizure of objectives in the subarctic regions of Canada, Alaska, or Labrador for purposes of:

(a) Launching attacks by guided missiles, rockets or aircraft against vulnerable areas or aerial mine laying in coastal or inland waters.

(b) Launching airborne operations against vital strategic targets.

12. Distinguished from the initial offensive actions against the United States and Canada set forth above, any power which had overrun the continents of Europe or Asia would have certain progressive capabilities. A series of airborne or amphibious operations could result in the seizure of bases in Iceland, Greenland, Labrador or Newfoundland in the east, or in Alaska and northern Canada in the west. Should such operations be successful, the subsequent development of these bases as springboards for the projection of further air and surface attack would constitute a serious menace to the security of Canada and the United States.

V: PROBABLE ENEMY OBJECTIVES IN NORTH AMERICA

13. Obviously the primary intention of an enemy in attacking the United States and Canada, would be to effect the greatest reduction of our war-making capability and will to continue the war. In the selection of targets, de-

cision probably would be based on their indispensability (a measure of their importance to our war effort), and their susceptibility to being made ineffective by the means of attack at his disposal.

14. Examination indicates that objectives in the following classes represent significant segments of our war potential.

*a. Nerve centers of executive, military and industrial control vital to war-time mobilization.* Washington, Ottawa, Montreal, New York and Chicago, for example, are the locations of the principal concentrations of governmental, military and industrial administration neutralization of which, in the early months of a war, by any weapon of mass destruction or temporary paralysis by subversive activity would cause extensive demoralisation and confusion.

*b. Concentrations of industry, transportation and communications essential to our war potential.* Broadly speaking, the economic system of the United States and Canada is so extensive that effective neutralization in the initial phases would be extremely difficult. Therefore, we may expect that initial enemy attacks of a military nature would be directed against the most profitable or highly concentrated industrial areas. The major industrial areas of the Western Hemisphere are the North Atlantic Seaboard area stretching from Nova Scotia to the Chesapeake and the Great Lakes region running from Quebec to Chicago. However, sabotage can be anticipated against all elements of our national economy. In addition, there are a limited number of precision targets, the loss of which would have a serious effect upon our ability to carry the war to the enemy. Outstanding in this category are the atomic bomb factories, and the uranium mines at Port Radium.

*c. Concentrations of populations.* The shock effect on the will of the people to continue a war of a devastating attack directed against the largest cities of Canada and the United States might be calculated by the enemy to be of sufficient military value to prompt such a course of action.

#### VI: PROBABLE AVENUES OF APPROACH

15. From examination of the polar projection map on the northern portion of the Western Hemisphere, it is obvious that for an attack on Canada and the United States the only possible routes of approach are by sea or air from either the east, west or north, or combination of these approaches. The shortest approach to the northern part of the Western Hemisphere from the center of gravity of the world island (Eurasia-Africa) is via the polar cap. Feasibility of direct assault and entry by enemy forces from the north is complicated by logistical problems which render these operations by any but small forces difficult. However, it is from this direction that the major air effort, including a missiles attack, would probably come. It is considered that no world power, with the exception of Great Britain, has the capability of a major assault by sea. It is concluded, therefore, that the most probable hostile effort would be via air from the northwest, the north or the northeast with the last named being the most likely approach of an attack in force in view of its forming, the shortest route from the industrial heart of Eurasia. The stepping

stones provided by such localities as Spitzbergen, Iceland, Greenland, and the northern Canadian islands would facilitate such an approach.

#### VII: SECURITY MEASURES REQUIRED

16. The increasing capabilities of a potential enemy to inflict serious damage on numerous targets of vital importance to the military strength of the United States and Canada indicate the firm necessity of keeping our measures for security ahead of his capabilities. The most essential element of security will be provided by preparedness for effective offensive action designed to carry the war to the enemy thus to keep the areas of actual conflict far removed from our centres of population and industry. Nevertheless, military forces must, in any case, be provided for the protection of the most vital elements of our national economy and our facilities for prosecuting the war to a successful conclusion.

17. In providing for the security of Canada and the United States, it is considered that measures for the initiation of offensive action are beyond the scope of this paper. Precautions against sabotage should be the responsibility of Canada and the United States for their respective territories.

18. Hence, the military tasks in the formulation of a joint Canadian-U.S. security plan must include provision for:

a. An effective air defense system composed of the following integrated elements:

(1) A comprehensive air warning, meteorological and communication system.

(2) A network of air bases with facilities and supplies for the accommodation of adequate numbers of interceptor aircraft and so located as to cover all avenues of approach at the maximum practicable distance from vital strategic areas.

(3) Adequate numbers of interceptor aircraft in a mobile status deployed at air bases as required.

(4) Adequate antiaircraft defenses in localities of strategic importance.

b. A program of air photography and surveys designed to produce the necessary maps and charts; topographic, hydrographic and other essential information for Canada, Newfoundland and Alaska.

c. Air and surface surveillance of all critical areas in order to provide timely warning of infiltration, establishment of enemy bases or actual attack.

d. An antisubmarine force to protect shipping and to seek out and destroy submarines which in the future may attempt to launch aircraft or guided missile attack; and means for the control and routing of shipping.

e. Naval forces to control the sea approaches to the North American continent.

f. Garrison forces of reasonable strength to defend coastal areas, bases and installations and, acting in conjunction with mobile forces, to deny the enemy lodgment in the northern part of the Western Hemisphere.

g. A command structure capable of insuring prompt action, jointly where necessary, under emergency conditions.

19. It is estimated that by 1950 the offensive capabilities of a potential enemy against the Western Hemisphere can assume menacing proportions. In view of the considerable time required for detailed planning and for the completion of the above undertakings, it is essential that certain elements of these tasks be initiated immediately. Most urgent projects which require speedy attention are:

a. The investigation of and establishment of essential elements of the air defense system.

b. The program of air mapping and photographing.

c. Collection of vital Arctic experience and scientific data.

d. Familiarization of appropriate personnel of the Armed Forces of both countries in military operations under extreme climatic conditions.

#### VIII: JOINT TASKS OF THE ARMED FORCES

20. The joint tasks of the armed forces of Canada and the United States which may be required to carry out the joint Canadian-U.S. defense plan are listed on pages            to            [sic] of the draft plan.

#### IX: REQUIREMENTS FOR COORDINATION AND INTEGRATION

21. The fulfillment of the foregoing tasks will require action on the part of both governments and the implementation of joint detailed plans to meet security requirements. Realization of the possible tempo of enemy action, particularly air, in event of hostilities emphasizes the necessity for the immediate establishment of provisions for insuring effective unified action in time of war, the principal features of which are set forth in the attached Basic Security Plan (Annex A) (Revision of ABC 22).

957.

DEA/52-C

#### *Plan de sécurité de base canado-américain*

#### *Joint Canadian-United States Basic Security Plan*

TOP SECRET

June 5, 1946

#### SECTION I

#### INTENTION

1. This Plan is intended to provide for the co-ordinated or joint action of Canadian and United States armed forces in the defence of the territory of Canada, Newfoundland and the United States, including Alaska, and the protection of the vital sea and air communications associated therewith, in order to ensure the ultimate security of Canada and the United States.

## SECTION II

### CONCEPT

2. In the past North America has been comparatively immune from heavy attack by a hostile power, due to the geographical barriers created by the Atlantic and Pacific Oceans and the frozen wastes of the Arctic. Technical developments in the art of warfare occasioned by scientific progress have lessened this immunity and portend that it will diminish progressively. Hence, we are now confronted with the necessity of modifying our concept of defence for the United States and Canada. The principal advancements in the science of war responsible for this change are:

a. The increased range of application of destructive power and armed force resulting from the development of modern aircraft, amphibious technique, guided missiles, and advancement in the technique of submarine warfare.

b. The increased destructive capacity of weapons such as the atomic bomb, rockets, and instruments of biological warfare.

3. To counter these changes in forms and scales of attack possible against North America, co-operative action of Canadian and United States armed forces will be required for purposes connected with:

a. The protection of vital areas of Canada and the United States against air attack.

b. The defence of Alaska, Canada, Newfoundland (which includes Labrador) and the United States.

c. The protection of essential shipping within the northern portions of the Western Atlantic and Pacific Oceans.

d. The protection of land, sea and air lines of communication in Canada and the United States.

## SECTION III

### JOINT MISSION OF THE UNITED STATES AND CANADA

4. To defend the territory of Canada, Newfoundland and the United States, including Alaska, and to protect the vital sea and air communications associated therewith, in order to ensure the ultimate security of Canada and the United States.

## SECTION IV

### JOINT TASKS

5. To accomplish the joint mission, the tasks set forth in this section are those which will be undertaken jointly by the armed forces of Canada and the United States.

**JOINT TASK ONE:** Protect vital areas of Canada and the United States from air attack.

**JOINT TASK TWO:** Defend the northern area of Canada and Labrador and protect the land, sea and air communications associated therewith.

**JOINT TASK THREE:** Defend Alaska and protect the land, sea and air communications associated therewith.

**JOINT TASK FOUR:** Defend Newfoundland (excluding Labrador) and protect the land, sea and air communications associated therewith.

**JOINT TASK FIVE:** Defend eastern Canada and the northeastern portion of the United States and protect the land, sea and air communications associated therewith.

**JOINT TASK SIX:** Defend western Canada and the northwestern portion of the United States and protect the land, sea and air communications associated therewith.

**JOINT TASK SEVEN:** Protect overseas shipping in the northwestern Atlantic.

**JOINT TASK EIGHT:** Protect overseas shipping in the northern Pacific.

. . .

**SECTION VI**

**IMPLEMENTATION**

14. This plan will be placed in effect by the Chiefs of Staff of Canada and the United States when so directed by the Governments of Canada and the United States.

**SECTION VII**

**PREPARATORY MEASURES**

15. Certain measures will require implementation immediately in order to ensure the proper functioning of the Plan in the event of emergency. Therefore, implementation of preparatory measures will be effected by specific agreements which will be embodied in annexes to this Plan when approved by appropriate authorities. Preparatory measures of particular urgency include:

- a. Investigation and establishment of the essential elements of a common system of air defence.
- b. Program of air photography, mapping and charting.
- c. Conduct of tests of equipment, clothing and supplies under Arctic conditions and collection of scientific data in Arctic regions.
- d. Familiarization of appropriate personnel of the armed forces of both countries in military operations under Arctic conditions.
- e. Collection of strategic information necessary for military operations in Canada, Newfoundland and Alaska.

**SECTION VIII**

**CO-ORDINATION**

16. Co-ordination of the military efforts of the United States and Canada shall be effected by mutual co-operation except where unified command is determined to be appropriate. The forces of each nation shall be assigned

tasks for whose execution such forces shall be primarily responsible. These tasks may be as assigned in this Plan or by agreement between the Chiefs of Staff concerned.

17. When operating on a basis of mutual co-operation, the forces of each nation shall aid and support to their utmost capacity the appropriate forces of the other nation. During such operations, the Chiefs of Staff of each nation will retain the strategic direction and command of its own forces.

18. Unified command may be established over any United States and Canadian forces operating in any area or areas, or for a particular operation:

a. When agreed upon by the Chiefs of Staff concerned; or

b. When the commanders of the Canadian and United States forces concerned agree that the situation requires the exercise of unified command, and further agree as to the service that should exercise such command. All such mutual agreements shall be subject to confirmation by the Chiefs of Staff concerned, but this provision shall not prevent the immediate establishment of unified command by local commanders in cases of emergency.

19. Unified command, when established, shall vest in one commander the responsibility and authority to co-ordinate the operations of the participating forces of both nations by the setting up of task forces, the assignment of tasks, the designation of objectives, and the exercise of such co-ordinating control as the commander deems necessary to ensure the success of the operations. Unified command shall authorize the commander concerned complete freedom of movement of all forces of either nation or any service under his command to any area within his jurisdiction. Unified command, however, shall not authorize a commander exercising it to control the administration and discipline of the forces of the nation of which he is not an officer, nor to issue any instructions to such forces beyond those necessary for effective co-ordination.

20. The assignment of an area of responsibility to one nation shall not be construed as restricting the forces of the other nation from temporarily extending appropriate operations into that area, as may be mutually agreed between commanders concerned.

## SECTION IX

### CO-OPERATION AND LIAISON

21. For all matters requiring common action, each nation shall require its commanders to establish liaison with and co-operate with appropriate commanders of the other nation.

22. Each nation will seek to provide within its own territory the base facilities necessary for the implementation of this Plan. So far as practicable, each nation will make available these bases, harbours, and repair facilities for use by the forces of the other.

23. Arrangements for mutual use of areas and facilities during peace for training, tests, manoeuvres or exercises will be made by special agreement.

Similar arrangements will be made by special agreement for stationing of combat forces during peace in the territory of the other nation.

24. To facilitate common decision and action, Canada and the United States will establish in Washington and Ottawa, respectively, officers of all Services who will be charged with the duty of representing their military Services, vis-à-vis the appropriate military service of the other nation. They will also arrange to assign liaison officers where needed for effecting direct co-operation between commanders of forces in the field.

## SECTION X

### REVISION

25. This plan will be subject to any necessary revision annually, or at lesser intervals, if required. It will be the responsibility of the Canada-United States Permanent Joint Board on Defence to initiate this review not later than July 1st of each year. This review will include the preparation of a joint appreciation.

## SECTION XI

### ANNEXES TO THE PLAN

26. Preparatory measures, military forces and facilities to be provided, organization and command responsibilities, and communication principles are set forth in annexes to the Plan. These annexes will be revised from time to time as necessary.

(Annexes are under preparation and when approved by appropriate Canadian and United States authorities will be included in the Plan.)

958.

DEA/52-C

*Mémoire du secrétaire du Cabinet au Premier ministre*

*Memorandum from Secretary to the Cabinet to Prime Minister*

TOP SECRET

Ottawa, June 12, 1946

RE: DEFENCE OF NORTH AMERICA; CANADA-U.S. JOINT PLANNING

1. You will remember that on May 9th last the Cabinet, on the recommendation of the Permanent Joint Board on Defence, approved the revision of the existing Canada-U.S. joint plan for the defence of North America. Since that date, Canadian and U.S. military and civil representatives have been at work with the object of producing for their respective governments a joint appreciation and joint plan upon which defence policies can be based and joint projects undertaken.

2. This planning is now taking shape. At meetings with our officers held in Washington May 20th to 23rd, the U.S. representatives submitted a draft appreciation which had previously been approved by the U.S. Chiefs of Staff.

This was amended somewhat to meet points raised by the Canadians and is now before our Chiefs of Staff. It is to be followed by a draft joint plan.

3. The conclusions of the draft appreciation are grave. They may be modified somewhat by the Canadian Chiefs of Staff but they are unlikely to undergo any material alteration before being submitted to the government.

Very briefly the conclusions are as follows: Estimated capabilities of the only potential aggressor (unnamed), taken with possible developments in long-range guided missiles and the atomic bomb make it unsafe to assume that North America will be free from attack for more than five years—beyond 1951. Such an attack could not assume the proportions of invasion by substantial sea-borne land forces until a later date, but the danger within this short period is of an order as to call for the construction of an “early warning” system and other installations in the Arctic regions before long, the North being the vulnerable aspect of North American defence.

4. The nature of the draft joint plan which will follow is forecast in the draft appreciation. It will clearly involve heavy expenditures of money and effort on the part of Canada or the United States, or both jointly. Its nature had already been forecast in numerous unrelated requests from U.S. authorities for permission to establish weather stations and the like in Northern Canada, and for the undertaking of exercises and experimental projects of varying magnitude.

5. There is no doubt that, from several points of view, these developments will constitute one of the most difficult and serious problems with which the government will have to deal, within the next few years. The initiative has been wholly that of the United States but our own military advisers will certainly, on purely defence grounds, reach similar conclusions. They may feel, however, that, on all the evidence, we have more time than U.S. authorities have estimated. It is, I think, likely that the importance which the U.S. government attach to acceptance and implementing of joint plans will be emphasized by an approach on the highest level.

In these circumstances, the government will probably have to accept the U.S. thesis in general terms, though we may be able to moderate the pace at which plans are to be implemented and to some extent the nature of the projects which are to be undertaken.

6. At the moment the Chiefs of Staff are examining the draft joint appreciation. They will meet next week, with Wrong and me (whom they have kept in constant touch with developments) to decide what advice should be tendered thereon to the government. Subsequently they intend to submit both draft documents to the Cabinet Defence Committee prior to recommendations going forward to the Cabinet.

It is intended that the principal intelligence and planning officials should present their views of the situation to the Cabinet Defence Committee. The hope has been expressed that you will be able to attend a second meeting of the Committee when the essential details could be presented.

7. One of the difficult features has been the submission by U.S. authorities of miscellaneous and, in many cases, unrelated requests. The Chiefs of Staff would like to defer action upon all such separate items until the government have had an opportunity of deciding upon the general problem and given their decision upon the joint appreciation and joint plan. This morning the Cabinet deferred decision upon a U.S. request to establish a weather station on Melville Island, until you were present and the general political problem could be discussed.

8. This matter might be given priority on Cabinet agenda once the Budget proposals are out of the way.

A. D. P. H[EENEY]

959.

DEA/52-C

*Mémorandum du représentant canadien principal, le Comité  
conjoint canado-américain de coopération militaire,  
au Comité des chefs d'état-major*

*Memorandum from Senior Canadian Member, Joint Canadian-United States  
Military Co-operation Committee, to Chiefs of Staff Committee*

TOP SECRET

June 18, 1946

JOINT CANADIAN-UNITED STATES BASIC SECURITY PLAN

1. In accordance with the decision of the Cabinet of December 19, 1945, a Canadian planning team has met with a United States planning team to form the joint Canadian-United States Military Co-operation Committee for the purpose of revising ABC-22.

2. Attached is a draft of a Joint Canadian-United States Basic Security Plan which has been prepared jointly by Canadian and United States Planners, and agreed to by the Canadian Section of the Joint Canadian-United States Military Co-operation Committee. Agreement from the United States Section of this Committee has been sought. When a reply has been received from them it will be communicated to you.

3. The Plan is based on the "Appreciation of the Requirements for Canadian-United States Security No. 1, 23rd May, 1946" which has already been submitted to you.

4. It is desired to bring to your attention that, like ABC-22, this new basic security plan is a war plan, providing for a series of Joint Tasks to be undertaken by Canada and the United States in the event of an emergency. However, unlike ABC-22, certain preparatory measures (e.g., provision of facilities and forces required in time of peace in order that the tasks may be carried out in time of war) are included in the Plan and it is felt that these

deserve special comment. In particular, a clear distinction must be drawn between the Joint Tasks in Sections IV and V and the Preparatory Measures in Section VII.

5. Section IV and V of the Plan outline the Joint Tasks to be performed in time of war. This delineation of tasks would be required in any defence plan for Canada but in this case specifically relates the Canadian tasks to those of the United States. These are normal tasks for, and the normal responsibility of, the Canadian defence forces.

6. The tasks as presently set out in broad terms in the basic plan do not, in themselves, commit Canada to any immediate increase in present military establishments. Each task will, however, require to be developed in detail in an appropriate annex. The annex, or annexes, will show the forces and facilities necessary, indicating any changes in present forces and facilities required, and each annex will, of course, require separate Government approval.

7. The preparatory measures on the other hand do imply in certain instances more immediate commitments, but they are joint United States-Canadian commitments and, as stated in Section VII, will only be implemented "*by specific agreements which will be embodied in annexes to this Plan when approved by appropriate authorities*". Each preparatory measure will therefore require specific agreement by either or both Governments as appropriate and approval of the basic Plan at this stage does not include of itself approval of specific measures involving expenditure of funds or raising of forces.

8. When the particular preparatory measures listed in Section VII are examined it will be seen that only those listed in para. 15, sub-paras. (a) and (b) are likely to require any substantial additional appropriations; those listed in sub-paras. (c), (d) and (e) are normal Canadian defence requirements and should not involve, certainly not during the balance of the fiscal year 1946-47, any additional appropriations.

9. The measures in sub-para. (a), namely, "investigation and establishment of the essential elements of a common system of air defence" will involve considerable expenditure for forces and facilities. Further, these preparations will require a relatively long period to complete and since, in accordance with the Appreciation, they must be completed by 1950, the initiation of the necessary measures is a matter of urgency. For the balance of the current fiscal year, however, no additional expenditures are anticipated as the detailed investigation and planning required for the preparation of the appropriate annex or annexes will undoubtedly take considerable time.

10. Similarly, the measures in sub-para. (b), namely, "the programme of air photography, mapping and charting", will not involve additional expenditures for the current fiscal year since the 1946 programme is already underway and could not be expanded before next summer.

11. It may be said, therefore, that no additional appropriations will be required for the implementation of any preparatory measures before the fiscal

year 1947-48, but in the interim detailed proposals can be worked out and submitted to the Government for consideration.

12. It is therefore requested that the basic Plan, if acceptable, be approved at an early date. Early approval of this Plan will facilitate the necessary joint discussions and the detailed planning necessary for the preparation of the annexes referred to in Section XI. It will also provide a basis for consideration of various United States proposals for specific projects in Canada.

W. A. CURTIS  
Air Vice-Marshal

960.

DEA/52-C

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

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

TOP SECRET

Washington, June 21, 1946

Dear Norman [Robertson],

I had lunch today with Mr. Acheson and Mr. Hickerson. Mr. Stone was also present. I took advantage of this opportunity to discuss very informally with them certain aspects of our joint defence problems.

I expressed the hope to the Acting Secretary of State that the War Department would not press us too hard with urgent requests for quick action in the field of defence in the north. I said that, while developments in the north were perhaps relatively small items in the defence plans in this country, they were for us matters of great importance, strategically and politically. In this connection, I said that I sometimes wondered whether the Joint Defence Board might not develop a tendency, on occasion, to become a determining instrument of high policy. In addition, I thought that it was sometimes a little difficult to keep track of all the activities of the Board because of the fact that some of its communications pass between the two secretaries while others pass direct from General Henry to Canadian service authorities.

Mr. Acheson and Mr. Hickerson seemed sympathetic to the point of view which I put forward and will, I think, give some consideration to it.

I think this will be helpful. I also think that as a result of my talk with the Acting Secretary of State today he will put himself more into the joint defence picture. Hitherto he does not seem to have had time to follow it very closely. He was definitely interested, however, in what I had to say to him and I feel sure that he will manage in the future to keep himself more closely informed as to what is actually going on.

We spoke also about the Board's 35th Recommendation. Mr. Hickerson does not share my concern as to the possible serious political implications

inherent in this Recommendation. He argues that practically everything that the Recommendation proposes is now, in fact, being done—interchange of personnel, exchange of rights and facilities on military installations, etc.,—and the approval of the Recommendation would be merely the confirmation of a situation which now exists and a good way of tidying up the loose ends. As it now stands he regards it as an excellent document. Mr. Hickerson's agreement with this Recommendation is, indeed, significant as normally he has a profound distrust of the military mind and all of its works—a distrust which he does not hesitate to express in no uncertain terms.

Yours ever,

MIKE [PEARSON]

961.

DEA/52-C

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures*<sup>1</sup>

*Memorandum by Associate Under-Secretary of State for External Affairs*<sup>1</sup>

TOP SECRET

[Ottawa,] June 28, 1946

THE POSSIBILITY OF WAR WITH THE SOVIET UNION

(in connection with the Joint Appreciation of the Requirements  
for Canadian-U.S. Security and Joint Basic Security Plan)

1. The purpose of the Basic Security Plan is to make effective provision for the defence of North America in the case of outside attack. While the Joint Appreciation names no anticipated enemy, it is obvious that the Soviet Union is the only possible enemy which has entered into the calculations of its authors. In the Joint Appreciation the conclusion is reached that the U.S.S.R. could undertake air raids, sabotage and submarine warfare against Canada and the U.S. within the next 3-5 years (paragraph 11a), and that after 1950 "the offensive capabilities ..... against the Western Hemisphere can assume menacing proportions." (paragraphs 11b and 19). Whereas it is the duty of the military advisers of the Government to assess the military capacities of the Soviet Union to attack the North American continent, it is the responsibility of the Department of External Affairs to estimate the possibilities of the outbreak of such a war.

2. We can dismiss the idea that Canada alone might be involved in war with the U.S.S.R.; even in the very unlikely event of an unprovoked Russian

<sup>1</sup> Des modifications furent apportées à la main, probablement par M. Wrong, sur la copie de ce mémorandum dans la collection des documents de M. Wrong (Archives publiques du Canada; MG 30 D94). Les principales modifications sont indiquées dans les renvois en bas de page.

<sup>1</sup> Handwritten amendments were made, probably by Mr. Wrong, to the copy of this memorandum in the collection of Mr. Wrong's papers (Public Archives of Canada; MG 30 D94). The principal amendments are shown in the footnotes.

attack on Canada, we could rely on the immediate and full support of the United States. We cannot dismiss the possibility that at some future date the U.S.S.R. and the United States will be at war with each other, and we must recognize that in such circumstances it would almost certainly prove impossible to preserve Canadian neutrality. We cannot altogether dismiss the possibility that in the event of a European war involving the U.S.S.R. on the one side and the United Kingdom on the other, we might find ourselves at war with the U.S.S.R. while the United States was still neutral; in that event, however, it is likely that the U.S.S.R. would refrain from attacking any North American territory, with a view to encouraging the United States to stand aside as long as possible.<sup>1</sup>

3. The circumstances in which the defence plan would become fully operative can, therefore, for practical purposes be limited to the outbreak of a war involving both the United States and the Soviet Union. Such a war might begin by the deliberate choice of either the Soviet or American Governments. While it is improbable that the United States Government would ever decide that it was in their national interests deliberately to provoke a war with the Soviet Union, such a decision is not entirely out of the question, especially if friction at many points of the globe should continue, accompanied by subversive activities in the United States. So long as the United States is the sole possessor of atomic weapons—and particularly if they were to believe that the Soviet Government was on the verge of similar or equally overwhelming discoveries—there might grow up a wide-spread popular sentiment that war with the Soviet Union was inevitable and should, therefore, be undertaken at a time of their own choosing, while they possessed the enormous advantage of the atomic bomb.

4. It is no more and probably less likely that the Soviet Union would in the next few years deliberately provoke war with the United States. Should the Russian leaders ever feel confident that they have developed military strength superior to that of the United States and the United Kingdom, they might then, in order to attain their ends, consciously risk the involvement of the United States in war against them. Although it is apparent, both from secret intelligence and from public information about the plans for Soviet reconstruction and development, that they intend to continue to concentrate effort on the building up of their military potential, nevertheless most well-informed persons agree that devastation, war weariness and the needs for raising standards of living make it highly unlikely that the Soviet Government will deliberately seek involvement in another great trial of arms within the next fifteen or twenty<sup>2</sup> years.

<sup>1</sup> Ceci était ajouté à la fin de cette phrase:

<sup>1</sup> This was added to the end of this sentence:

or would at an early stage attempt to paralyze the U.S. by a devastating attack on industrial and administrative centres.

<sup>2</sup> "or twenty" rayé.

<sup>2</sup> "or twenty" crossed out.

5. The great danger for the shorter term lies in the possibility that general war may arise out of some local conflict of interests, against the wishes of the great powers concerned. For example, the breakdown of four-power control in Germany, the outbreak of bitter civil war in northern China, or a coup d'état in Trieste, might lead to fighting which, once begun, could not be stopped. There are acute friction points all round the limits of the Soviet zone of influence in Europe and Asia. The blundering diplomacy and inability to compromise of the Soviet Government seem almost certain to lead to some local conflagrations.

6. During the next ten years or so, therefore, the danger of attack on North America is most likely to come as the result of the spread of some local conflict until it involves the great powers in such a way that they could not stay out if they would. Such a danger, although not imminent, is present today. It seems more likely to increase rather than diminish during the next few years. This is because there is little prospect of a satisfactory meeting of minds between the Soviet Union and the western powers. If in time the restraints arising from the sole possession of the atomic bomb by the United States are removed, the danger may rapidly increase.

7. Furthermore, one of the chief causes of the present strains and stresses cannot be removed by any process of negotiation. It arises from the fundamental difference in outlook towards the rest of the world between Moscow and the western powers. The hopes have waned that the years of alliance against Germany and the partnership in establishing the United Nations were closing the gap. A troubled and uneasy world suits the Soviet book. They<sup>1</sup> are not seriously interested in international trade and are taking steps to make their economy still more self-contained. While their policy continues to be supported<sup>2</sup> by a crusading zeal for the spread of Communism—a zeal kept alive at home by the carefully-preserved ignorance of the Soviet peoples about the outside world—it is essentially self-regarding and nationalistic. The Soviet leaders are unmoved by the humanitarian considerations which exercise a powerful influence on opinion in western countries. The more the rest of the world is distraught the safer they feel within their own zone.

8. In essence, however, Soviet policy is defensive. While there is a resemblance in technique between the diplomatic practices of the Kremlin and those used by Hitler, it would be most misleading to push the comparison far. For instance, the Soviet Government completely controls one-seventh of the earth's surface and already possesses, unlike Nazi Germany, a vast field for internal development. The Russian peoples also do not share the German illusion that they are a master race. Their leaders, however, have determined that it is in their interest to wage a constant war of nerves. So long as this

<sup>1</sup> "They" remplacé par "The Russian leaders".

<sup>2</sup> "at home" ajouté après "supported".

<sup>1</sup> "They" replaced by "The Russian leaders".

<sup>2</sup> "at home" added after "supported".

frame of mind prevails we shall have recurrent crises, no sense of security, and the risk of uncontrollable local outbreaks. There is no indication that it is likely to change.

962.

DEA/50220-40

*Le représentant principal de l'armée américaine, CPCAD,  
au secrétaire, la section canadienne, CPCAD*

*Senior United States Army Member, PJBD,  
to Secretary, Canadian Section, PJBD*

Washington, July 3, 1946

Dear Mr. Macdonnell,

Thank you for your letter of 8 June 1946† informing me of the concurrence of the Canadian Government for the United States Army Air Forces to institute a regular air transport service between Iceland and Alaska.

It is contemplated to start initial experimental flights preliminary to opening this service from Ladd Field, Fairbanks, Alaska, about 1 August 1946. The duration of these flights will increase as crew members obtain experience and as the necessary data indicating navigational difficulties, reliability of communications, and analysis of Polar air masses, has been obtained and sufficient photographic reconnaissance made showing land masses and navigational landmarks along the route and areas adjacent from which flight charts may be constructed and other safety precautions developed. As soon as these preliminary flights indicate that the route can be flown with reasonable safety, the regular service will be instituted.

As requested by the Canadian Government, publicity in this matter will be kept at a minimum. The Army Air Forces invite six Canadian representatives to participate in this preliminary work and will also include Canadian observers after the regular flights are instituted. For the preliminary work, it is suggested that individuals with the following qualifications be selected, but this a mere suggestion and this matter is left entirely in the hands of the proper Canadian authorities:

- 2 Pilots
- 2 Navigators
- 1 Specialist in electronics
- 1 Weather specialist

These individuals can be replaced from time to time as the Canadian authorities deem expedient. It is further suggested that any Canadian observers selected report at Ladd Field, Fairbanks, Alaska, between 25 July and 1 August 1946, and, if practical, the names, ranks and qualifications of the individuals be furnished this office prior to 25 July in order that the Com-

manding Officer, Ladd Field, may be notified and the necessary arrangements made for their reception. Any data acquired on these flights will of course be made available to the Canadian Government.

Hoping that the above is satisfactory, I remain,

Sincerely yours,

GUY V. HENRY  
Major General

963.

DEA/231

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

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

DESPATCH 1215

Ottawa, July 8, 1946

SECRET

Sir,

In your recent despatch No. A. 453 of June 13† you referred to certain anxieties aroused in London by plans being prepared in Washington for Western Hemisphere defence. You also mentioned in the closing paragraph of the despatch some speculation concerning Canada's relationship to those proposals being indulged in by those who tend to be critical of what they consider to be Canadian aloofness to plans for Commonwealth defence.

2. As you are aware, there has been speculation from time to time in Canadian and U.S. newspapers as to whether or not there is any connection between Canada and Inter-American defence arrangements.

3. The answer is, of course, that Canadian-United States and Inter-American or more accurately United States and Latin American defence arrangements have been kept in water-tight compartments. This has suited both Canada and the United States, since on Canada's part there is not felt to be a demonstrable need for extending our defence responsibilities in a southerly direction, while on the part of the United States there has been a recognition of this fact and perhaps no great desire to see Canada intervene in a Pan-American organization which they regard as functioning under United States leadership. Occasionally voices are heard arguing that hemisphere defence is a single problem calling for a single plan and common action, but no support for this geometrically attractive theory has come forward in political or military circles in either Canada or the United States. The implicit basis of understanding on both sides is that Canada and the United States will see to their common defence interests, leaving it to the United States, acting in concert with the other nations involved, to take care

of the remaining areas in the hemisphere, such as the Caribbean, the approaches to the Panama Canal, the bulge of Brazil, and so forth.

4. It is true that within the past year we have had tentative enquiries from Washington as to whether we would care to associate ourselves formally with future Pan-American defence conferences and agreements. There was clearly no strong desire on the part of the United States that we should adopt this course, and when we indicated that we would prefer to take no action for the time being the matter was dropped.

5. Some interest has been aroused and a question was asked in the House by the Leader of the Opposition concerning the Inter-American Military Co-operation Bill recently submitted to Congress by President Truman, since the administration had explained that its provisions would apply to Canada. As was pointed out in Mr. St. Laurent's reply, we were not consulted about the drafting of this measure. (Through the Permanent Joint Board on Defence, we knew informally about its general provisions and objectives). It is essentially enabling legislation which will authorize the United States Government to do a good deal in the way of furnishing other American Governments with weapons, supplies, technical assistance, training, etc., on favourable terms. Its object, of course, is to bring about a high degree of military standardization, if not of efficiency, in the hemisphere. It is unlikely to affect Canada except to the extent that our armed forces may wish to procure equipment under its terms from the War and Navy Departments. This traffic might perhaps develop in time into something substantial but not until decisions of principle have been taken with regard to whether United States or United Kingdom patterns should be adopted. For the immediate future, it seems probable that transactions with Canada under the Bill will be confined to relatively insignificant amounts of equipment.

6. If there is any conclusion to this despatch, it is that those who are troubled over Canadian participation in Inter-American defence are conjuring up a bogey that does not exist. Occasions arise when this can be tactfully pointed out. To critics of the nature of Canadian-United States defence relations, the only answer is that they are logical and inescapable. As a State Department official once remarked, the United States would want close ties with Canada even if, instead of being inhabited by delightful people, it were populated by baboons. The reverse situation would also be true. Given the facts of geography, aviation and modern technology, a close defence relationship is inescapable. What must be emphasized to critics is that this relationship need not and should not be exclusive.

I have etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

964.

DND/193 009(D53)

*Mémorandum du Comité des chefs d'état-major  
au Comité de défense du Cabinet*

*Memorandum from Chiefs of Staff Committee  
to Cabinet Defence Committee*

TOP SECRET

[Ottawa,] July 15, 1946

CANADIAN-UNITED STATES JOINT APPRECIATION AND BASIC SECURITY  
PLAN; COMMENTS THEREON BY THE CHIEFS OF STAFF

1. We have considered the draft Canadian-United States Joint Appreciation and Basic Security Plan, and submit the following comments thereon.
2. It must be recognized that there are considerable difficulties in presenting a Joint Appreciation and Plan where the particular conditions of each country have to be carefully considered. While it may appear desirable to change the construction and wording of many paragraphs in these papers, we do not recommend such action provided the general principles are acceptable.

JOINT APPRECIATION

3. Intelligence material on which the Plan has been based was obtained mainly from United States sources and supplemented by what little Intelligence was available here from United Kingdom sources. R.A.F. Intelligence has, however, confirmed that the basic assumptions on the air side in the Appreciation are in line with those being made in current United Kingdom planning.
4. Our Canadian Intelligence organization is not sufficiently developed to be able to produce very much material from its own sources, nor is it yet capable of assessing the value of Intelligence from other sources. Therefore, this paper is based largely on the United States assessment of the scales and probabilities of attack against this continent. Further, the Chiefs of Staff are not in a position to offer useful comment on the Intelligence background on which this Appreciation is based. This situation is now being remedied as a result of recent reorganization of the Service Intelligence Directorates, revitalization of the Joint Intelligence Committee, and opening up of direct Intelligence channels with the United Kingdom and the United States. Matters will improve within the next few months and by the time this Plan is due for revision (within the next year), the Canadian Intelligence organization should be able to produce an independent and well balanced Intelligence Appreciation.

5. In the light of these observations, the Appreciation leading up to the Plan has been carefully reviewed and the following comments are made:

(a) the Appreciation is considered a sound basis on which to develop the Plan, bearing in mind our observations above regarding the sources of In-

telligence. However, we feel the conclusion that the potential enemy will be in possession of the atomic bomb in operational quantities within the next three to five years may be open to question. The Chiefs of Staff are not in a position to either confirm or to refute this assumption. Be this as it may, we agree that the probabilities of the potential enemy are such that air raids of considerable magnitude, on our country, carrying the atomic or improved conventional type bombs, will be possible within the period of three to five years;

(b) we also consider it possible that extensive submarine warfare, including bombardment with V-type missiles by submarines, is feasible within the same period;

(c) the threat to vulnerable areas in this country by attack from seaborne guided missiles is a possibility within the next five years, but it is not considered that attacks with land-based guided missiles or rockets are much of a possibility within the next five years unless based on North American territory; and

(d) the threat by subversive internal elements is not considered as alarming as is shown in the Appreciation. However, it is felt that this activity is one which is foreign to the Canadian way of life and is a method of attack with which we have had very little experience but at which a potential enemy may be most adept. Therefore, the question of a Fifth Column within this country is quite possible and does warrant careful consideration during the days of peace. It may well be remembered the disastrous effect of the German methods with their Fifth Column in France, Poland and Norway in 1939-40. These activities may be only too readily forgotten and it is drawn to attention that, in the opinion of the senior German Commanders who have recently been interrogated, they considered their own Fifth Column activities to be no match whatever for those of the potential enemy.

#### THE PLAN

6. The Plan in general appears to be sound, adequate and feasible. However, it would add to the clarity in the paper and aid in further planning if the primary responsibility for each Task was clearly stated. In the case of Task No. 1 (the air defence of the continent), it is not easy to decide at the outset who is the primary or predominant partner. It is felt that the following factors should be considered:

(a) the size and extent of the vulnerable areas to be protected in each country, and the proportionate financial and manpower resources of each country;

(b) The need for the standardization of equipment and procedure in many cases, which will no doubt require the use of United States equipment and procedure in the whole scheme; and

(c) the necessity of safeguarding the sovereignty of Canada.

7. Therefore, after consideration of the above factors, we feel that the United States should be the primary partner in Task No. 1, and that Canada

should be the secondary partner, assisting the United States in the air defence of the continent. Canadian sovereignty might be safeguarded by allowing the United States to contribute the bulk of the equipment required for installations in Canada without Canada relinquishing control of these installations. Canada's share in the undertaking would be proportionate to the size and extent of the vulnerable areas to be protected and the financial manpower resources of each country.

8. We recommend that there is some urgency in advancing the establishment of the air defence scheme, as the Task is of such magnitude it will take a number of years to accomplish. While we appreciate that no large scale invasion of this country is possible for a considerable number of years, no such assurance can be given that air raids of considerable magnitude or attacks by small airborne forces are not possible within the next three to five years.

9. We accordingly recommend to the Cabinet Defence Committee that the Appreciation and Plan should be approved and that our Planners should be authorized to continue negotiations, subject to the approval of the American government, to complete the annexures which will indicate the scope and responsibilities of each country adopting this Plan.

O. M. SOLANDT  
Director General of Defence Research

C. C. MANN  
Major-General  
for Chief of the General Staff

H. E. REID  
Vice-Admiral  
Chief of the Naval Staff

ROBERT LECKIE  
Air Marshal  
Chief of the Air Staff

965.

A.G.L.M./Vol. 287

*Le secrétaire d'État par intérim aux Affaires extérieures  
au consul général à New York*

*Acting Secretary of State for External Affairs  
to Consul General in New York*

TELEGRAM 368

Ottawa, August 30, 1946

SECRET. Following for General McNaughton from Macdonnell, Begins: We have received a most interesting proposal from the United States Section which I have communicated to the Service members in a memorandum, the text of which follows:

Memorandum from the Secretary, Canadian Section, Permanent Joint Board on Defence. Secret. The Secretary of the United States Section has informed me that at the next meeting of the Board the United States Section expects to propose for discussion the draft 36th Recommendation quoted below. It would be applicable to co-operative measures which might ultimately be agreed to under the provisions of the 35th Recommendation and it should, therefore, be read in conjunction with that Recommendation. The

United States Section think it would help to make the position clear to Officers associated with any future agreed projects as well as to others interested. The draft has received preliminary approval in the State, War and Navy Departments.

Draft 36th Recommendation:

"Recognizing that in time of peace the joint construction or maintenance of military projects, the carrying out of joint tests or exercises and the use by one country of military facilities in the other country should be governed by certain principles, to be applied on a basis of reciprocity, the Board adopted the following as its 36th Recommendation.

'(a) Military projects or joint tests or exercises located within the territory of one country, or the territory leased by one country, should be under the supervision of that country provided that this supervision should not be exercised in such a way as to prevent the effective carrying out of the project, test or exercise agreed to by both countries.

'(b) Publicity in regard to military projects, or to joint tests or exercises located within the territory of one country, or the territory leased by one country, should be the responsibility of that country and releases desired by the other country should be fully cleared in advance with the responsible country.

'(c) Military projects, tests or exercises in one country, or in the territory leased to one country, whether carried out jointly by both countries or wholly by the other country should give to the other country no rights and no status, temporary or permanent, other than as agreed upon by the appropriate officials of the two countries in authorizing the project, test or exercise in question.'"

From the point of view of the Department of External Affairs, this draft recommendation is regarded as very desirable. If adopted, it would help to set at rest certain doubts that have been expressed about real or apparent impairment of Canada's sovereignty through participation by United States forces in joint defence measures. Certain drafting changes may be suggested by External Affairs but the substance is regarded as satisfactory. Ends.

966.

A.G.L.M./Vol. 287

*Le consul général à New York au secrétaire d'État par intérim  
aux Affaires extérieures*

*Consul General in New York to Acting Secretary of State  
for External Affairs*

TELEGRAM CG-552

New York, September 2, 1946

SECRET. Following for R. M. Macdonnell from McNaughton, Begins:

1. Your teletype No. 368 dated 30th August received.

2. I fully agree as to desirability of establishing the principles given in the draft of proposed 36th Recommendation as submitted by U.S. Section, Permanent Joint Board.

3. In proposing drafting changes please consider the following:

First, Preamble insert after "other country" following words "comma as agreed by the proper officials of both countries comma"; also alter "on a basis of reciprocity" to read "on a reciprocal basis". In the above connection consider it important to have "agreed" in preamble in view of deletion suggested in para. (a).

Second, Para. (a) Delete "provided that this supervision should not be exercised in such a way as to prevent the effective carrying out of the project, test or exercise agreed to by both countries". In this connection I think it would be unfortunate to include words which suggest a doubt of good faith in the carrying out of any agreements which might have been made.

Third, Para. (c) Delete "no rights and no status, temporary or permanent, other than as agreed upon by the appropriate officials" and substitute "only such temporary rights and status as are agreed upon by the officials". In this connection the wording as suggested by the U.S. implies that permanent rights can be acquired through agreements with officials. I think that any such implication would be most unfortunate. Ends.

967.

W.L.M.K./Vol. 389

*Mémorandum du représentant principal de l'armée américaine,  
CPCAD, à la CPCAD*

*Memorandum from Senior United States Army Member, PJBD, to PJBD*

SECRET

Washington, September 9, 1946

SUBJECT: DISCUSSION OF CANADIAN-UNITED STATES MILITARY SITUATION

1. Since the last meeting of the Board, our Cooperation Committee has drawn up an Appreciation of the Requirements for Canadian-United States Security, and in addition a Basic Security Plan. At present it is at work on the Air Annex thereof.

2. This Joint Appreciation has been approved by both the Canadian and United States Joint Chiefs of Staff. Therefore, we must consider that these high ranking military officials consider the Appreciation sound, and one on which the Security Plan should be drawn.

3. The outstanding feature of this Appreciation is that in a period of approximately five years hence, a potential enemy will be able to inflict serious damage on the vital areas of Canada and/or the United States by aerial bombardment from long-range aircraft or by various other types of aerial guided missiles, or other new weapon attack employing atomic bomb

warheads. This is a new and revolutionary idea in warfare and the main duty of our Joint Cooperation Committee is to produce a sensible plan that will give maximum protection against these new and devastating means of attack. This period of five years is being questioned. The United States belief is that, for planning purposes, this period should be taken, and is considered a conservative, proper estimate. The time may be a little too short, but certainly not overly short if a potential enemy puts his energies and capabilities on this type of attack.

4. Military principles have in the past laid down that the best defense is the offense. The United States considers this principle holds true under this new conception of aerial warfare, but the subject of the strategic offense is beyond the scope of the Joint Canadian-U.S. Security Plan and that Plan must, of necessity, be primarily a defensive one.

5. The Joint Appreciation also shows that an aerial attack against the North American continent will almost certainly come over the Polar regions, which, due to Canada's geographical position, means over Canadian territory. This places Canada in a peculiar position. First, her vital areas are within range of devastating aerial attacks, and second, the Canadian territory will be the path for aerial attack on the United States no matter what may be the Canadian belligerent situation at the time in question. Further, Canadian security will be largely dependent on United States installations in Alaska, Newfoundland, Greenland, Iceland, and elsewhere; and conversely, United States security will be largely dependent upon installations in Canadian territory stretching from the Atlantic to the Pacific.~Such a situation has never before been true for either country, nor ever before has the security of the North American continent been in jeopardy. From now on, however, within the foreseeable future, the security of the homeland of both Canada and the United States is unalterably bound up one with the other and will require the utmost of coordination between the armed forces and the military policies of the two countries. It is felt that both countries must look upon this new military problem in that light.

6. I am positive that in carrying out this view, the High Command of the United States in no way wishes to infringe on Canadian sovereignty or Canadian rights, nor in any way interfere with Canadian ties or obligations to the British Commonwealth. That High Command looks upon it purely as a military problem, the efficient solution of which will require a more intimate and complicated joint cooperation than has heretofore been achieved between the forces of the two sovereign nations.

7. An effective air defence will require a comprehensive air warning, meteorological and communications system with air bases for interceptor aircraft, all placed at the maximum practical distance from vital strategic areas. For the local defense of the North American continent this means United States installations in Alaska, Greenland and Iceland, and either similar Canadian or joint United States-Canadian installations in Canada, Labrador and Newfoundland.

The United States expects to deploy extensive forces in Alaska and hopes to do the same in Greenland, and it is hoped that the Canadian public will realize that these U.S. deployments are essential to the security of Canada.

The air routes to these outposts lie across Eastern Canada and the Northwest Staging Route, and it is felt that the military traffic over these routes will be so extensive that small United States servicing detachments at certain Canadian airfields along the same will be mutually advantageous to both countries.

8. Strategically, the United States Air Forces wish to push out on the perimeter as far as practicable. Harmon Field, Newfoundland, a United States leased base, is too close in to be strategically well situated and is too contracted to hold the garrison already approved for this general area. U.S. Air Forces would therefore like to station tactical groups at Goose Bay Air Base, Labrador. The tactical groups presently contemplated would consist of one (1) very heavy bombardment group and one (1) fighter group, together with the necessary supporting troops, leaving at Harmon Field one (1) very heavy bombardment group, one (1) fighter group and one (1) all weather fighter squadron, plus one (1) very long-range reconnaissance squadron, together with the necessary supporting troops.

9. The Canadian Government has asked the United States Government to clarify the position of the United States troops at Goose Bay, and it is believed that at an appropriate time the State Department will enter into discussions with the Canadian and Newfoundland Governments regarding this matter.

However, the above are the desires of the U.S. Army Air Forces and these would appear in line with the recommendations of the Board at its 29 April 1946 meeting, of which the following is a quotation:

“Goose Bay is considered vital to the defense of the United States and Canada and should be maintained as a military base on such a scale as to provide for the stationing of operational squadrons as required.”

This is also in accord with the statement by the Joint Canadian-U.S. Staff Planners dated 19 June 1946 which reads:

“The Planner Section deems it appropriate to point out to the Members of the Joint Canadian-U.S. Cooperation Committee the outstanding significance of this base (Goose Bay) in future defense plans.

“While the detailed plan has not yet progressed to a degree whereby a definite statement of future requirements at Goose Bay can be presented, the vital necessity for the utilization of this base in any defense system for the northern portion of the Western Hemisphere has already become obvious. It is believed that the necessity for the military utilization of Goose Bay is of such importance as to warrant the forwarding at this time of this information to the Canadian Chiefs of Staff Committee. It would certainly be desirable if final arrangements would permit of the presence of United States units at this base.”

10. As the members of the Board know, the United States Weather Bureau requested, through diplomatic channels, authority to install certain weather stations in the Canadian Arctic. This request was purely civilian. It does, however, fit into the military picture and is one step in the meteorological coverage for the military security of North America as contained in a Committee report submitted to the Board by memorandum dated 4 September, 1946. The United States Joint Chiefs of Staff, in approving the Basic Security Plan, ordered the U.S. Joint Intelligence Committee to prepare a tentative outline for Canadian-United States intelligence collaboration for consideration of our Joint Cooperation Committee. The Army Director of Intelligence has also made a recommendation that a long-range comprehensive intelligence plan for joint Canadian-American development of information intelligence concerning the geographic and environmental features of the Polar regions and its natural resources be undertaken, this plan to include an extensive mapping and photographic project and the establishment of a network of observation stations for recording weather, magnetic and other basic information, together with a series of expeditions throughout most of Arctic Canada and Alaska.

11. The United States Joint Chiefs of Staff, in commenting upon United States defense matters in general, state in substance that they assume that most matters of this kind relating to Canada and the United States will be worked out through the medium of the Joint Military Cooperation Committee and the Permanent Joint Board on Defense, Canada-United States.

12. I think all the Board members realize that there are difficulties on both sides of the border in solving this very complex problem of the security of the North American continent under present foreseeable military conditions, but if our Appreciation of the ability of a potential enemy is reasonably accurate, the problem must be worked out, and I believe can so be done to the mutual benefit of both countries.

GUY V. HENRY  
Major General

968.

DEA/7-DA

*Mémoire du Comité des chefs d'état-major  
au Comité de défense du Cabinet*

*Memorandum from Chiefs of Staff Committee  
to Cabinet Defence Committee*

SECRET

[Ottawa, September 9, 1946]

ESTABLISHMENT OF JOINT SERVICE EXPERIMENTAL STATION: CHURCHILL

1. We have had under review the matter of research, development and testing of service equipment under conditions of extreme cold and we con-

sider that a Joint Services Experimental Station should be established at Churchill for testing purposes. This memorandum seeks approval of a short term plan to permit the conduct of tests during the coming winter.

2. At the present time the airfield at Churchill is being maintained in an operational condition by the Department of Transport but that arrangement terminates at the end of September when plans call for its maintenance on a considerably reduced scale.

3. Some time ago the U.S. authorities approached us through the Permanent Joint Board on Defence with the request that a permanent joint U.S.-Canadian Arctic Experimental Station be established at Churchill or some other suitable locality. The provision of facilities, as now proposed, is intended to meet these joint requirements during the coming winter. If approved, the project will be carried out under Canadian control and with U.S. participation invited on a somewhat smaller scale than that they originally suggested. This limitation of U.S. participation arises from the restricted quarters which can be made habitable for the coming winter.

4. Accordingly we have agreed to recommend to the Cabinet Defence Committee a short term plan for the administration of the Churchill station as set forth in Appendix "A" attached.† The implications of this proposal are that:

(a) Army would assume the responsibility for the camp at Churchill (exclusive of airfields, hangar, control tower and associated equipment and facilities) on October 1st, 1946, and would finance the necessary repairs in connection therewith;

(b) Air Force would assume the responsibility for the airfield, hangar, control tower and associated equipment and facilities, (less radio range and meteorological facilities) on October 1st, 1946, and would finance the necessary repairs in connection therewith;

(c) Department of Transport would continue to operate the radio range and meteorological service; and

(d) Existing buildings such as hangars and living quarters would be repaired, and owing to the remoteness and rigorous climate of Churchill, a limited number of the present living quarters would be converted into married quarters.

O. M. SOLANDT  
Director-General of Defence Research

CHARLES FOULKES  
Lieutenant-General  
Chief of the General Staff

H. E. REID  
Vice-Admiral  
Chief of the Naval Staff

ROBERT LECKIE  
Air Marshal  
Chief of the Air Staff

969.

DEA/52-C

*Le secrétaire d'État aux Affaires extérieures  
au consul général à New York*

*Secretary of State for External Affairs to Consul General in New York*

TELEGRAM 429

Ottawa, September 10, 1946

SECRET. Following for Macdonnell, Permanent Joint Board on Defence, from Wrong, Begins:

1. The Cabinet Defence Committee did not end its meeting yesterday afternoon until too late for me to communicate with you last night. Major-General Mann,<sup>1</sup> however, was present during the discussion of the items of chief concern to the PJBD and he has doubtless informed the Canadian Section of the results.

2. The following were the chief decisions:

(a) The short term plan on joint services experimental station at Churchill to permit the conduct of tests next winter was approved. This provides for participation by the United States Services to the extent of 100 all ranks out of a total personnel of 560;

(b) The recommendations of the Chiefs of Staff concerning weather stations in Canadian territory were also approved. These include reopening by the United States of their stations at Padloping Island and Indian House Lake, for continued use of five other stations in Eastern Canada now operated by them and joint use of the River Clyde station to provide additional observations desired by the United States. Approval is given on a temporary basis only on the understanding that Canadian personnel, at our discretion, may be included in the staff of any station, with the object of eventual operation by Canada. The United States authorities are also to be asked to employ civilian weather bureau personnel rather than military personnel as far as possible if not completely. The Interdepartmental Meteorological Committee is instructed to initiate at once a complete survey of present and future requirements for weather stations in Canadian territory. Ends.

970.

DEA/52-C

*Le sous-secrétaire d'État associé aux Affaires extérieures  
au secrétaire, le Comité des chefs d'état-major*

*Associate Under-Secretary of State for External Affairs  
to Secretary, Chiefs of Staff Committee*

SECRET

Ottawa, September 28, 1946

At the meeting of the Permanent Joint Board on Defence, September 19-20, the Board considered further its 35th Recommendation. The following is an extract from the Journal:

<sup>1</sup> Vice-chef de l'état-major général.

<sup>1</sup> Vice-Chief of the General Staff.

"2. On the initiative of the United States Section, members of the Board have been considering the desirability of recommending certain principles<sup>1</sup> which should govern the carrying out of joint defence projects in the future. The Secretary of the United States Section suggested that the adoption of such principles would provide guidance to Commanding Officers connected with such projects; would facilitate the negotiations of the procedure to govern future projects; and would provide safeguards of value to both Governments. Reduced to their essence, the principles suggested by the United States Section would provide that:

(a) Defence projects should be under the supervision of the country in whose territory they are carried out;

(b) Such projects would confer no permanent rights or status to the other country, and only such temporary rights and status as were agreed upon for the project in question; and

(c) While public information on such projects should be the primary responsibility of the country whose territory was being utilized, all public statements should be made by mutual agreement.

The Chairman of the United States Section suggested that inasmuch as these principles would be related to the Recommendation made by the Board on April 29, 1946, to provide for a close co-operation between the Canadian and United States Armed Forces, it would seem desirable to incorporate the principles in that Recommendation by an amendment thereto. The Secretaries of the Board presented a draft text embodying such principles as an amendment to the 35th Recommendation. After discussion a text was agreed upon which was thought to be satisfactory and it was decided to consider the matter and discuss it with appropriate officials in Ottawa and Washington preliminary to adopting the amended Recommendation when the Board next meets."

I attach five copies of the proposed 35th Recommendation as amended.<sup>2</sup> Sub-paragraph (f) contains the new material.

This amendment was proposed by the United States Section. They believe that it might be of value if these principles which have been implicit in United States policy were officially stated and publicly recognized. There is no desire on the part of the United States to question Canadian sovereignty or Canadian capabilities and the amendment to the 35th Recommendation would make this clear to all.

In the view of this Department it would be in the Canadian interest to have this amendment adopted and approved since it underlines the right of Canada to be master in her own house. Moreover, the addition of these principles as part of the 35th Recommendation makes it clear that nothing in the earlier parts of the Recommendation can be interpreted as impairing Canadian sovereignty in any way.

<sup>1</sup> Voir le document 952.

<sup>2</sup> Voir la pièce jointe, document 973.

<sup>1</sup> See Document 952.

<sup>2</sup> See Enclosure, Document 973.

I hope that this question can be considered by the Chiefs of Staff at an early date with a view to sending their Recommendations to Cabinet Defence Committee.

H. H. WRONG

971.

DEA/52-C

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-secrétaire d'État aux Affaires extérieures*

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

SECRET

[Ottawa,] October 8, 1946

The Chiefs of Staff Committee this morning considered the revised text of the 35th Recommendation of the PJBD. I took the line that this should come before the next meeting of the Cabinet Defence Committee and that, at the same time, there should be submitted some minor alterations in the language used in paragraphs (d) and (e). The revision of the 35th Recommendation was merely to add paragraph (f) to the old text. When the first version was before the Defence Committee changes were proposed in paragraphs (d) and (e), designed to preserve the authority of the governments in making military facilities available to forces of the other country, in providing reciprocal transit rights and in determining responsibility for mapping programmes. It was unfortunate that these revisions were not made in the text when paragraph (f) was added by the Board, but I think that they can be cleared quite readily in Washington and approved by the Board when it meets next, about mid-November. The Chiefs of Staff agreed to this course.

I also raised the question of publication. From the purely domestic point of view, it would be a good thing to have the recommendation a matter of public record, and publication would be a full answer to any charges of the conclusion of secret military agreements. From the international point of view, the recommendation would be treated as the announcement of a defensive alliance against the USSR. That, indeed, is what it is in essence, although not in form. Since it was drafted, the beam of Soviet propaganda has been turned on defences in the far North and undoubtedly publication of the recommendation would provide a further occasion for attacks on us and the United States. The decision must be essentially a political one and I am not clear what we should do. On the one hand, Soviet propaganda does not need much in the way of fuel and the addition of a little more may not make much difference. On the other hand, publication would make it more difficult to carry out even modest and essential work in the far North without giving rise to alarmist reports.

H. W[RONG]

972.

DEA/7-DA

*Mémorandum du secrétaire, le Comité des chefs d'état-major,  
au Comité de défense du Cabinet*

*Memorandum from Secretary, Chiefs of Staff Committee,  
to Cabinet Defence Committee*

SECRET

[Ottawa,] October 10, 1946

P.J.B.D.; 35TH RECOMMENDATION (REVISED)

1. The Permanent Joint Board on Defence, at their meeting of September 19th-20th, further considered their 35th Recommendation.

2. The United States Section suggested that it would be desirable to establish the principles under which joint Canadian-United States defence operations or projects should be undertaken. They therefore put forward for consideration a revision of the 35th Recommendation by the addition of certain clauses which would establish this principle.

3. Attached is a copy of the 35th Recommendation<sup>1</sup> with paragraphs (d) and (e) revised, in accordance with the decision taken at your meeting of May 8th, 1946, and with paragraph (f) added to incorporate the revision proposed by the Permanent Joint Board on Defence.

4. The Chiefs of Staff Committee considered this matter at their meeting of October 8th, 1946, and agreed that the proposed revision of the 35th Recommendation was desirable and would aid in safeguarding Canadian sovereignty.

5. The Chiefs of Staff, therefore, recommend:

(a) approval of the proposed revision to the 35th Recommendation; and

(b) that consideration be given to the question of making the text of the 35th Recommendation public at a suitable time as agreed between the two countries.

J. W. C. BARCLAY  
Acting Lieutenant-Commander

973.

DEA/50218-A-40

*Mémorandum du secrétaire, le Comité de défense du Cabinet, au Cabinet*

*Memorandum from Secretary, Cabinet Defence Committee, to Cabinet*

[Ottawa,] October 21, 1946

PERMANENT JOINT BOARD ON DEFENCE 35TH RECOMMENDATION (REVISED)

1. Submitted herewith is the 35th Recommendation of the Permanent Joint Board on Defence in the form of a revised draft.

<sup>1</sup> Voir le document suivant.

<sup>1</sup> See following document.

2. The original Recommendation, which set forth certain principles of cooperation between the Armed Forces of the United States and Canada, was placed before the Cabinet at their meeting of May 9th. At that time, it was agreed that, in view of the important considerations of policy involved, action be suspended pending its further examination in relation to current defence discussions with the Commonwealth countries.

3. On the initiative of the United States Section, the subject was reopened at the September 19th meeting of the Joint Board. Certain amendments to the original Recommendation were then proposed, which are designed to safeguard the sovereignty and protect the interests of the country in whose territory joint exercises are undertaken. In essence, the added clauses provide that:

(a) defence projects should be under the supervision of the country in whose territory they are carried out;

(b) such projects would confer no permanent rights or status to the other country, and only such temporary rights and status as were agreed upon for the project in question; and

(c) while public information on such projects should be the primary responsibility of the country whose territory was being utilized, all public statements should be made by mutual agreement.

4. The Canadian Section of the Board undertook to bring the draft Recommendation, in its amended form, to the attention of the Canadian authorities. It has been considered by the Chiefs of Staff, who favour its acceptance, and by the Cabinet Defence Committee, who agreed that, because of its importance, it should be considered by the full Cabinet.

5. It was previously intended that this Recommendation, upon being approved by both countries, be made public as a regional arrangement within the framework of the United Nations Organization. If, therefore, the revised draft is accepted, the Cabinet may wish to consider whether or not it should be published.

E. W. T. GILL

[PIÈCE JOINTE/ENCLOSURE]

*Trente-cinquième recommandation de la CPCAD*

*Thirty-fifth Recommendation of PJBD*

Discussions which have taken place in the Permanent Joint Board on Defence, established on August 17th, 1940, have reaffirmed the importance of continuing to maintain in peacetime a close relationship between the Armed Forces of Canada and the United States. It is submitted that the obligations of the governments of Canada and the United States under the Charter of the United Nations for the maintenance of international peace

and security would be fulfilled more effectively through such a relationship. The Board, accordingly, makes the following Recommendation:

In order to make more effective provision for the security of the northern part of the western hemisphere, Canada and the United States should provide for close cooperation between their Armed Forces in all matters relating thereto, and in particular, through the following measures:

(a) interchange of personnel between the Armed Forces of both countries in such numbers and upon such terms as may be agreed upon from time to time by the respective military, naval and air authorities;

(b) adoption, as far as practicable, of common designs and standards in arms, equipment, organization, methods of training and new developments to be encouraged, due recognition being given by each country to the special circumstances prevailing therein;

(c) cooperation and exchange of observers in connection with exercises and with the development and tests of material of common interest to the Armed Services to be encouraged;

(d) reciprocal provision, by mutual arrangement, [between the govts]<sup>1</sup> of its military, naval and air facilities by each country to the Armed Forces of the other country; each country continuing to provide reciprocally for transit through its territory and territorial waters of military aircraft and public vessels of the other country;\*

(e) subject to any special arrangement which may be entered into, each country will be primarily responsible for the mapping of its own territory and for the provision of maps in accordance with agreed needs;\*

(f) in time of peace certain principles should govern the joint construction or maintenance of military projects, the carrying out of tests or exercises and the use by one country of military facilities to the other country, when such activities have been approved by the appropriate authorities of both governments, and these principles should be applied on a reciprocal basis as follows:

(i) military projects or joint tests or exercises undertaken within the territory of one country, or the territory leased by one country, should be under the supervision of that country;

(ii) military projects, tests or exercises, agreed to by both countries, whether jointly conducted or not, are without prejudice to the sovereignty of either country, confer no permanent rights or status upon either country, and give only such temporary rights or status as are agreed upon by the appropriate authorities of the two countries in authorizing the projects, tests or exercises; and

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\* These paragraphs are worded in accordance with views of Cabinet Defence Committee when this Recommendation was previously considered.

<sup>1</sup> Les amendements entre crochets furent approuvés par le Cabinet le 14 novembre.

<sup>1</sup> The amendments in brackets were approved by the Cabinet on November 14.

(iii) public information in regard to military projects, tests or exercises, jointly conducted or conducted by one country in the other country, or in the territory leased by it, should be the primary responsibility of the country whose territory is utilized. All public statements shall be made [only]<sup>1</sup> after mutual agreement between the appropriate authorities of the two countries.

974.

DEA/52-C

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au 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 23, 1946

The United States Ambassador called to see me this morning on his return from Washington. While there, he had a talk with President Truman, who brought up, as he did with me the last time I saw him, the question of Canadian-United States cooperation in northern defence. The President obviously has this matter very much in his mind. Mr. Atherton mentioned to the President that any discussions between the two Governments on this subject should now be on a high political level, and the President agreed. For that purpose he would be very pleased indeed to have the Prime Minister, if possible accompanied by you, visit Washington. However, if such a visit is to take place in the near future, it would have to be early next week, as the President is leaving on Wednesday for Missouri. What this means is that, if the Prime Minister and yourself went to Washington next Monday for the purpose of looking at Embassy properties, the President would be available for a talk on this other question; would, in fact, welcome such a talk. They would be glad to put the Prime Minister up at Blair House. Mr. Atherton added that the President's programme on Monday and Tuesday is rapidly filling up, and that it would be almost essential to know today if the Prime Minister were coming in order to arrange an appointment with President Truman on Monday or Tuesday. That is why I ventured to phone you about this matter today at, I am afraid, some inconvenience to yourself.

Mr. Atherton also added some observations of his own as to the importance of this subject and the desirability of high level political discussions concerning it. I think he has returned from Washington with instructions to do what he can to ensure that satisfactory arrangements are reached between the two Governments, at an early date, for joint defence cooperation in the Arctic. The emphasis and tone of his remarks led me to believe that, in this matter, he had received a new mandate.

975.

DEA/52-C

*Mémorandum de l'ambassadeur aux États-Unis au Premier ministre**Memorandum from Ambassador in United States to Prime Minister*

TOP SECRET

Washington, October 26, 1946

I attach a hurriedly prepared memorandum on questions of North American defence which are likely to be raised in general terms with you by the President. This has been done partly from memory and may therefore contain some minor inaccuracies. Mr. Pearson passed on to me on my arrival in Washington yesterday your suggestion that a memorandum on these lines would be useful. We have learned from the State Department that defence questions are the only matter on which they have sent material to the President in preparation for his discussion with you.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de l'ambassadeur aux États-Unis au Premier ministre**Memorandum from Ambassador in United States to Prime Minister*

TOP SECRET

Washington, October 26, 1946

The intense interest displayed by the United States authorities in making effective provision for North American defence has led to the presentation, since the end of the war, of a series of proposals and requests to the Canadian Government. These may be placed in three categories, as follows:

#### 1. GENERAL PRINCIPLES OF CO-OPERATION IN DEFENCE.

Last April, the Permanent Joint Board on Defence addressed a recommendation to the two Governments on the general principles governing co-operation between Canada and the United States. This recommendation was approved by the U.S. Chiefs of Staff and the President, but after discussion in the Cabinet, Canadian approval was deferred. The intention at the time was that the recommendation should be made public, if approved by the Government. Since then, Soviet propaganda has been directed towards military activities in the Arctic, and new considerations affecting publicity have arisen. It cannot be doubted that the acceptance and publication of a recommendation along these lines would be generally regarded as the conclusion of a binding defensive alliance between Canada and the United States.

At its last meeting in September, the P.J.B.D. reconsidered the recommendation and recommended certain additions designed especially to fortify the sovereign rights of Canada in connection with any joint activities undertaken in Canadian territory. These additions go a long way to meet the objections raised in Cabinet to the original draft. The revised text has not yet received formal consideration by either Government. It is not very likely that the President will mention the recommendation to you. If so, I think that

the line to take is that the question of the wording, timeliness, and possible publication is now under consideration in Ottawa.

## 2. NEW JOINT DEFENCE PLAN.

The P.J.B.D. was requested not long after the end of the war to prepare a new joint defence plan to replace ABC-22 and a committee of Staff planners was appointed to prepare a draft. A draft general plan was produced early this year, together with a joint appreciation of the dangers of attack on North America. While no potential enemy was named, the U.S.S.R. was the only enemy to which consideration was given. The conclusions in the appreciation were that there was danger of long-range air bombardment in about five years and that the possibility of a general war after ten years or so had to be seriously taken into account. The purpose of the plan was to allot between the two countries responsibility for defence and to provide means for developing detailed plans of defence on a regional basis.

After discussion in Cabinet Defence Committee, the joint planners were authorized to proceed with detailed planning, special attention being paid to the installation of long-range air raid warning equipment so as to protect from surprise attack the main industrial regions of the continent. Nearly all such installations would have to be situated in Canadian territory somewhere between the national trans-continental railway and the Arctic Ocean. The planners are now proceeding with detailed planning and a series of their recommendations is likely to come up for consideration fairly soon.

## 3. SPECIFIC REQUESTS.

We have in addition received a large number of specific requests, usually passed through Service channels, for co-operative defence activities on Canadian territory. Of these, the latest and most important (and the one which is likely to be mentioned to you by the President) is their desire to maintain substantial permanent air forces at Goose Bay. This request has so far only been informally discussed through P.J.B.D. channels, and the first that we heard of it was at the meeting of the P.J.B.D. in New York in September. We have, of course, permitted the U.S. to maintain forces at Goose and ancillary services at outlying points in Canada in connection with their Army of Occupation in Germany, but up to the present these arrangements have been on a temporary basis. Now they are asking whether we would agree to the stationing of a very heavy bombardment group and a fighter group at Goose, a force which might amount to 10,000 men. They have told us that their own air base in Newfoundland, at Harmon Field, will not contain all the air forces that they consider necessary for defence, and we also understand that they propose to maintain forces of over 250,000 men in Alaska. Given the organization of continental defence on this scale, it seems obvious that they feel the necessity for large permanent forces not only in Goose, but elsewhere in Canadian territory. It will be necessary, before any agreement can be reached, for both Canada and Newfoundland to agree to give the U.S. continuing rights in Goose.

I think it likely that the President may mention Goose to you in a general way. Our feeling has been that further general discussions could take place best between the Ministers concerned or through diplomatic channels, rather than through Service channels.

Apart from the proposals respecting Goose, we have had a series of requests this year relating to such matters as the opening of new weather stations in the Arctic islands, the continued operation by the U.S. of existing weather stations in Northeastern Canada, the maintenance in a serviceable condition of far northern air fields, the operation of the Northwest Staging Route, and the provision of facilities for various exercises and training programmes in Canadian territory. We have permitted the U.S. to continue to operate (and in some cases to re-open) weather stations and some air fields established during the war. We have deferred consideration of their request for the establishment by them, or jointly, of new far northern weather stations. We have made provision for a small U.S. force of approximately 100 to be stationed for training at Churchill next winter, and we are maintaining, of course, the Northwest Staging Route. We have also agreed not to dismantle a number of air fields and air strips pending some general agreement on what is needed.

There is somewhat greater realization in the United States of the difficulties, both political and military, which attend full Canadian agreement in plans of the scale and variety put forward. There is a greater appreciation for the need for respecting the rights of Canada in her own territory—rights which were not infrequently neglected by U.S. Service authorities during the war. There is still, however, a lot to be learned in Washington about our position and our problems.

The development of elaborate air defences and air-raid warning system across Canadian territory would raise in an acute form and on a long-term basis the issues which caused so much concern during the war. The scale of installations would be so great that it would strain our capacity to provide and man them from Canadian resources. Furthermore, if we undertook ourselves to equip and maintain these installations, it would probably mean that our military activities were concentrated almost wholly on the protection of North America from the possibility of sporadic bombardment from the air. It is most unlikely that, if there is another war, it will be fought on North American territory. It is much more likely to be fought in Europe, North Africa, and perhaps the Far East. The United States may be able to maintain in peacetime great forces for continental defence and also forces capable of despatch overseas. Canada can hardly do this in view of the area to be covered at home. Some eminent military authorities, including, I believe, Field Marshal Montgomery, take the line that the empty Arctic is a better defence than an Arctic equipped with air fields, which might be seized as advance bases by an enemy and would be difficult to defend.

In any event, the current proposals necessitate the re-examination of our policy of paying for and maintaining permanent military installations in Canadian territory. We may find some half-way house through the provision of

equipment by the U.S. and its operation by Canada, or through joint operation of certain installations under Canadian control. From the points of view of the budget, military manpower, and political effects, problems of the greatest importance are raised for Canada by these proposals.

It has been felt, therefore, that the general problems and possibilities should be discussed at this stage on a high level and that acceptance by us of particular proposals of any substance should be deferred until some over-all understanding has been reached. The future of Newfoundland and the responsibilities there of both countries are an integral part of the problem and one in which we must, of course, tread warily. The piece-meal approach hitherto made by the United States, sometimes from Service to Service and usually through the P.J.B.D., has created embarrassment on our side because we have not been able to assess or consider U.S. defence planning as a whole. We have heard, for instance, that they are establishing a new air base far up the western coast of Greenland, but that is about all that we know about it.

In the State Department they understand fairly well our position in the British Commonwealth. In the Services, this is not well understood. It is likely that if we are again involved in war, we shall have both the United Kingdom and the United States as partners, and this has led us to give cordial support to the standardization of weapons and equipment between the three countries. Field Marshal Montgomery is an ardent advocate of standardization, and General Foulkes has this week been in London attending a conference at which both Montgomery and Eisenhower are present to further this aim. I need not mention the impact of other aspects of Commonwealth relations on our defence relations with the United States, and it is doubtful whether the President would bring up these matters in discussion with you.

The deterioration of the hopes which attended the founding of the United Nations is illustrated by the fact that I have not felt it necessary to mention hitherto our obligations under the Charter. Whatever we may do in conjunction with the United States in the development of regional defences can be brought within the scope of the Charter in one way or another. One Article of the Charter needs to be borne in mind in considering the nature of such agreements as we may reach, and that is the obligation to register all international agreements with the Secretary-General. Some of the proposals put forward are clearly not for public consumption. Recommendations by the P.J.B.D., however, when accepted by both Governments, do not constitute an international agreement in the strict sense, and we can therefore use the Board as a medium for recording joint decisions without infringing the obligation to register all formal agreements.

To sum up, I think that the general line which might be taken with the President is somewhat as follows:

1. If he mentions the 35th Recommendation, you might say that we are in hearty agreement with its general purpose of ensuring close and effective co-operation in defence matters while safeguarding the sovereign rights of the two countries. I think it safe to promise early consideration of the revised text

in the very near future and to add that our hesitations have only been matters of form rather than of substance.

2. With respect to the joint defence plan it might be said that whenever the joint planners have completed the draft annexes to the plan (these will be bulky documents) we shall be in a position to determine the respective shares of the two countries and the priorities which should be given to the various installations required for continental defence. It would be well, I think, to bring up the political and other difficulties inherent in a very heavy early commitment by Canada.

3. With respect to Goose, I am not sure that the President will mention this specifically. If so, I think the most that can be done at this time is to agree to the importance of effective air defences on the Northeast and to point out the problems arising from the situation of Goose on Newfoundland territory. It might be well also to put forward the idea that it would be well to emphasize the training uses of northern air fields rather than their utility as defence bases.

4. With respect to standardization of weapons between the U.K., U.S., and Canada, you might heartily endorse the idea of making progress as quickly as possible and express appreciation of the action of the U.S. and U.K. Governments in recognizing the need for Canadian partnership in planning measures of standardization.

5. You might finally express the hope that we shall be taken fully into the confidence of the U.S. authorities not only on their plans for continental defence, but also on their appreciation of the dangers of war and their estimates of the international and strategic situation. They have been more forthcoming in the last year or so, and this might be recognized. They still, however, have some way to go before we can ourselves assess the bases on which they are doing their own planning and seeking our active co-operation with them.

976.

DEA/303-J

*Mémoire du comité mixte de planification  
au Comité des chefs d'état-major*

*Memorandum from Joint Planning Committee to Chiefs of Staff Committee*

TOP SECRET

Ottawa, October 29, 1946

DEFENCE PLANNING—CANADA-UNITED STATES  
DISCUSSION WITH THE UNITED KINGDOM AUTHORITIES

1. The Canada-United States Military Co-operation Committee held its first combined meeting in Washington on 20th-23rd May 1946 for the purpose of initiating the revision of ABC-22. At this meeting an appreciation of the requirements for Canadian-United States security was drafted, to-

gether with the first combined draft of a "Basic Security Plan". To ensure the security of existing and subsequent information and plans, the following undertaking was agreed to by both Sections and included in the minutes which were signed by the Senior Members of both the Canadian and American Sections:

"It was stipulated by both Canadian and United States Sections of the Committee that such information as might emanate from each Section during these meetings, either written or oral, should not be transmitted by either Section to any third party, but should be restricted to essential Canadian and United States agencies."

2. Further detailed planning in the preparation of Appendices of the "Basic Security Plan" has made it apparent that in a future war the United Kingdom would have the same mission in providing base facilities for Canadian-United States forces as during the last war. These would probably be equal in importance to similar bases in the Azores, Iceland, Greenland, Canadian Arctic Islands and Alaska and would be essential as outposts in the defence of the North American continent.

3. The Joint Planning Committee have recently reviewed a number of preliminary draft Appendices to the "Basic Security Plan" prepared by the Canadian Sub-Committees appointed to assist in this task. It becomes increasingly evident from these that certain aspects of the Canadian-United States defence planning will be directly affected by corresponding present or proposed plans of the United Kingdom services. For example, the Sub-Committee at present drafting an Appendix on "Anti-Submarine Measures" has requested direction as to the volume of shipping that may be expected in the Atlantic in the event of any future emergency and what will be the respective roles of the British, Canadian and United States Navies in the protection of such shipping.

4. It is evident, therefore, that some planning discussions should be conducted with the United Kingdom authorities. Since the Joint Planning Committee has been intimately concerned with the revision of ABC-22 and is aware of the many aspects of the planning involved, it is considered that the Joint Planners, either individually or collectively (preferably the latter), should carry out these discussions. The month of February 1947 is suggested as a tentative date for the initiation of these talks as detailed planning with the United States is expected to be well advanced by this date.

5. It is understood that the United Kingdom Chiefs of Staff have been informed of the defence planning in progress between Canada and the United States. In this connection, it is doubtful if any mention concerning the Canada-United States "Basic Security Plan" could be revealed to the United Kingdom Planners during any discussions without violating the security agreement referred to in paragraph one above. In any case, this should not preclude the Joint Planning Committee discussing problems of Commonwealth defence or of a service nature with the United Kingdom authorities.

6. It is therefore recommended that:

(a) The Joint Planning Committee should conduct defence discussions with the United Kingdom Planners early in 1947.

(b) Direction be given as to whether and to what extent mention should be made of the "Basic Security Plan" during such discussions.

S. W. COLEMAN  
Group Captain

H. N. LAY  
Captain

J. C. PANGMAN  
Colonel

977.

DEA/303-J

*Mémorandum du Comité mixte de planification  
au Comité des chefs d'état-major*

*Memorandum from Joint Planning Committee to Chiefs of Staff Committee*

TOP SECRET

[Ottawa,] October 29, 1946

COMBINED CANADA-UNITED STATES INTELLIGENCE APPRECIATIONS

1. In the past, whenever combined Canada-United States organizations have required intelligence information, this has, in the majority of cases, been provided exclusively by the appropriate United States authorities. For example, at the first meeting of the Military Co-operation Committee in Washington, the United States intelligence authorities presented an appreciation for the benefit of the Committee. Similarly, it has been the practice for the same authorities to present up-to-date intelligence briefs or appreciations at Permanent Joint Board on Defence meetings.

2. It is considered that when such intelligence information or appreciations are presented to a combined Canada-United States committee or board these should be prepared and presented by a *combined* Canada-United States intelligence team. It is appreciated that the majority of this information will emanate from United States sources. Nevertheless, it is considered that it should be interpreted and presented on a combined basis. In a similar manner it would be desirable for representatives of the Department of External Affairs and the United States State Department to prepare a combined diplomatic appreciation.

3. It is therefore recommended that:

(a) The Directors of Intelligence for each of the three Services meet with the United States military intelligence authorities to prepare combined military appreciations as required.

(b) The Department of External Affairs arrange to meet with the United States State Department to prepare combined diplomatic appreciations as required.

(c) That both these combined *military* and *diplomatic* appreciations be presented at future Permanent Joint Board on Defence meetings.

S. W. COLEMAN  
Group Captain

H. N. LAY  
Captain

J. C. PANGMAN  
Colonel

978.

DEA/52-C

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

TELEGRAM WA-3862

Washington, October 29, 1946

TOP SECRET. Following for Pearson from Wrong, Begins: Confirming my telephone conversation with you yesterday afternoon, the following brief account of the Prime Minister's discussion with the President may be of interest. As they were alone together, this is based on what the Prime Minister told Stone and myself immediately after leaving the White House.

The conversation lasted about an hour. After some talk on various topics, the President brought up the subject of continental defence. The subsequent discussion was in general terms and no specific proposals were put forward. The President and Mr. King agreed that there must be the closest possible co-operation between Canada and the United States in the interests of efficiency and economy, and that this co-operation should be based on the fullest exchange of information between the two countries and also with the United Kingdom.

The President mentioned Goose Bay stressing the need for maintaining strong air forces there as a necessary part of the defences of the north-eastern approaches. It was agreed that further discussions on this and related matters should be conducted initially between the Ministers concerned or through diplomatic channels. Mr. King emphasized the necessity of observing the greatest care and fullest consultation over any publicity given to defence arrangements between the two Governments, and with this Mr. Truman was fully in accord.

In connection with relations with the United Kingdom, the Prime Minister said that he would wish to inform the United Kingdom Government of any agreements or arrangements made with the United States. Mr. Truman raised

no objection and went on to refer with approval to Field Marshal Montgomery's recent discussions in Washington on standardization of military equipment.

The question of the 35th Recommendation of the P.J.B.D. (on which we had learned that the President has been briefed by the State Department) was not brought up by the President nor mentioned by the Prime Minister, nor did they discuss the basic defence plan.

The President said that he had seen the United States Ambassador to the Soviet Union that morning and gave Mr. King a summary of his views on the possibilities of offensive action by the Soviet Union. These were very closely in accord with those expressed by Mr. Wilgress. Their general tenor was that the Soviet Government would be in no position to participate in a great war for a considerable period, and that the aggressiveness of Soviet foreign policy might well be caused in part by the desire of the masters of Russia to maintain a feeling of strain and insecurity at home so as to diminish discontent with the rigours of the existing regime.

This summary, I think, covers the salient points. The general effect is to clear the way for further conversations, still leaving in the hands of the United States Government the initiative as to timing and choice of channel. Since we lack safe hand means of communication with New York, you may wish to pass on this report to Mr. St. Laurent. I am sending you by bag a copy of the memorandum<sup>1</sup> which I gave Mr. King on his arrival. Ends.

979.

DEA/52-G

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

TOP SECRET

Ottawa, October 30, 1946

When Mr. Atherton called on me this morning, he left the attached "oral message" which, I understand, the President read to you on Monday, and which concerns Canada-United States cooperation in defence matters. A copy of this "oral message" was also handed by the State Department to our Ambassador in Washington. In doing so, Mr. Hickerson said that the "message" had been prepared in the State Department with a view to its possible presentation to you. However, following his discussion with you, the President had spoken to the Acting Secretary of State, and told him that he had read the document to you, but had not given you a copy. He then told Mr. Acheson that, on reflection, he thought it would be a good thing if the paper were given to you. It was then sent to Mr. Atherton for that purpose.

<sup>1</sup> Document 975.

From the above, it seems clear that both the President and the State Department attach considerable importance to the statements of policy and the proposals included in the document in question. It is, indeed, an important statement; especially that part of it beginning on page 4, which suggests the desirability of decisions by the Canadian Government on the following problems:

1. Further Canadian Government endorsement of joint planning now in progress;
2. Approval of the 35th Recommendation of the Permanent Joint Board on Defence;
3. Stationing of United States Army Air Forces at Goose Bay.

I understand a copy of this "oral message" has been sent by Mr. Wrong to Mr. St. Laurent. Should a copy not go to Mr. Abbott also.<sup>1</sup>

Would it be your wish to have consideration given to the questions raised in the "oral message" in the Defence Committee of the Cabinet prior to their consideration in full Cabinet?<sup>1</sup>

[PIÈCE JOINTE/ENCLOSURE]

*Message oral du Président des États-Unis au Premier ministre*

*Oral Message from President of United States to Prime Minister*

TOP SECRET

The Government of the United States is grateful to the Government of Canada for the favourable consideration which the latter has given to proposals relating to joint defence. In no case has any military project which this Government considered urgent been delayed by any lack of cooperation on the part of Canada.

Because of the extreme importance in an unsettled world of continuing and reinforcing measures of joint defense it is believed that the consideration of these matters, hitherto primarily in military hands, should also now be taken up directly by the governments. In suggesting this course, the Government of the United States is determined that the actions taken in no way be inconsistent with commitments under the Charter of the United Nations, full support of which is the cardinal point of United States policy. The decisions which the governments take and the further advancement of North American security through the recommendations of the Permanent Joint Board on Defense must always accord with the framework of the United Nations.

Early in 1946, pursuant to views expressed by the Joint Board, the two Governments decided to collaborate as partners in drawing up a basic security

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

Yes. W. L. M[ACKENZIE] K[ING]

plan for the United States and Canada. A Joint Appreciation of the situation was prepared and planning has progressed satisfactorily. It may, however, not be practicable to proceed much further without assurances of support from the highest authorities of both Governments. Such assurances could take the form of concurrence in the Appreciation. Meanwhile, events at Paris and in the international field generally have not lessened the anxiety of those charged with assuring the security of the United States. Moreover, in the opinion of this Government, those events have demonstrated that decisions in the field of home defense should be taken now and implemented as rapidly as practicable. Only by being secure at home can Canada and the United States strengthen the United Nations and discharge their responsibility for contributing to world order and security.

Under these circumstances, it appears to the Government of the United States that close collaboration in defense matters with the Government of Canada must be carried forward actively. It believes this for the following reasons:

Two world wars have demonstrated that an aggressor must destroy the power of North America or be defeated.

Due to post-1945 technological advances, North America is no longer adequately protected by geography.

Canadian and United States military advisors agree that in five years North America must be prepared to meet major enemy capabilities.

While the peaceful foreign policies and intentions of Canada and the United States are clearly defined, there can be no guarantee

that the governing officials of the U.S.S.R. will make decisions on the basis of a correct appraisal of the world beyond Soviet borders, or

that the long term policy of the U.S.S.R. is not one of unlimited aggrandizement.

For the foregoing reasons North American nations henceforth must be prepared at home just as less fortunately placed nations have had to be in the past. Furthermore, under conditions of modern technology, defenses must be as far out from Canadian and American industrial centers as possible.

If within only five years another major power will be capable of jeopardizing North American security, action should be based on realization:

That Canada and the United States lag in cold weather knowledge and experience,

That, because of this lag and because of the expense involved, defense plans will take years to implement.

That, to be efficient in an emergency affecting North American territory, the Canadian and American forces should have the experience of working together, experience of the north, and increasing uniformity of equipment and methods.

The United States Government realizes that close collaboration with Canada in basic defense matters presents both governments with new problems of

great complexity and difficulty. The responsible United States officials are aware of the special problems that face Canada, a member of the British Commonwealth of Nations. They have been instructed that the sole purpose of close military collaboration is defense, that every precaution must be taken to protect the traditional relations of the two countries and the position which each, respectively, enjoys.

The United States Government is also aware that the question of the financial cost of defensive measures is most serious for both Governments. It must not, however, be permitted to delay the planning of security at home and should not delay the attainment thereof. While no final commitments can yet be made by either Government, it seems clear that the Joint Defense Board should recommend and the two Governments should negotiate some equitable means of sharing the financial burden of any defenses agreed to be necessary around the northern perimeter of the continent. Possibly the United States might agree to assume an equitable proportion of the cost of any facilities jointly found to be necessary on Canadian soil if the Canadian Government were to take into account that United States expenditures in Alaska and Greenland, for instance, contribute to Canadian as well as United States security.

Although many problems remain for future determination, the United States Government believes for the reasons set forth in this memorandum that decisions by the Canadian Government on the following existing problems would be timely and would enhance the security of the Canadian and American people:

1. Further Canadian Government endorsement of joint planning now in progress would assure the United States authorities of continuing Canadian cooperation and an adequate measure of joint action between Alaska on the west and Greenland on the east.

2. Approval of the 35th Recommendation of the Permanent Joint Board on Defense would help to define the relations between the armed forces of Canada and the United States and would provide authoritative guidance as to the nature and limits of the collaboration desired by both Governments.

3. It is hoped that the Canadian Government, with Newfoundland concurrence, will permit the stationing of certain United States Army Air Force units at the Canadian 99-year leased base at Goose Bay, Labrador. Reciprocally, (as soon as the present congestion can be relieved), the United States authorities will be agreeable to a similar arrangement at United States bases in Newfoundland proper. While remaining an important feature of the defenses of the northeastern approaches to the continent, these latter bases are, however, too close to Canada and the United States to provide adequate protection against ultra-modern high speed aerial attack. Moreover, they do not afford as would Goose Bay, a highly favorable situation for the acquisition by United States and Canadian Air Force units of the experience of training together under cold weather conditions, of testing northern equipment and of coordinating their respective methods and tactics. Finally, arrangements of

this kind at Goose Bay and the other bases would be consistent with the joint responsibilities which the two Governments have discharged in the past for the defense of Newfoundland.

In conclusion, the United States Government reiterates that it has been gratified by the cooperative attitude of the Canadian Government and by the informality, frankness and mutual trust which have prevailed during discussions of the delicate and momentous problems of joint defense. It believes that final decisions, not only on the three points just mentioned, but also on others in this field can be reached without necessity of any more formal documentation than has been customary since establishment of the Permanent Joint Board on Defence in 1940. There is no doubt that public opinion firmly supports effective collaboration with Canada and, in the view of the United States Government, this is a strong and satisfactory basis for joint action.

980.

DEA/52-C

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

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

TOP SECRET

Ottawa, November 1, 1946

Dear Mr. Atherton,

As requested, I have given to the Prime Minister the "oral message" from Mr. Truman, on which the President based certain of his remarks to Mr. King last Monday, which concerned North American defence questions. This message was not read to Mr. King by the President, but the Prime Minister agrees that, though his talk with the President was in general terms, most of the subjects in the "message" were touched on. He is agreeable that this message should be used as a basis for discussions between the two Governments.

In this connection, agreement was reached at the White House last Monday that these discussions should be on the political and diplomatic level. It is hoped that they may result in some form of written agreement covering the principles on which defence cooperation between our two countries should be based. Mr. King feels sure that such an agreement can be reached between the two Governments which will preserve their rights and safeguard their legitimate interests, without conflicting in any way with the letter or the spirit of their obligations under the United Nations Charter. The previous record of our two Governments in discussions of this kind is an earnest to Mr. King that such an understanding is possible.

Yours sincerely,

L. B. PEARSON

981.

DEA/52-C

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

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

TELEGRAM WA-3961

Washington, November 6, 1946

TOP SECRET. Following for Pearson from Wrong, Begins: Your EX-2753 of November 4th,† North American defence. I thought it well to have, at this stage, an entirely non-committal discussion at the Department of State before consideration by the Defence Committee in Ottawa of the suggestions made by the President to the Prime Minister on October 28th. Stone and I, therefore, spent some time this morning with Hickerson and Parsons. The more interesting points made in the discussion are as follows:

1. We considered what sort of written agreement (as suggested in your letter of November 4th to Atherton)<sup>1</sup> might cover the principles of defence co-operation. Hickerson and Parsons thought that the revised 35th Recommendation of the P.J.B.D. would constitute the only agreement required on general principles, if it were accepted by the two Governments. If an agreement were recorded in any other form, the question of its registration with the United Nations would present difficulties, and this would, of course, involve publication. The 35th Recommendation, however, could be registered if it were found desirable.

2. We then considered publicity, to which Hickerson said he had given a lot of thought. We went over the arguments for and against it, and the matter was left that, in present circumstances, the publication of the 35th Recommendation, if accepted, seemed on the whole undesirable, although this position might change. If we were to agree on publication, Hickerson thought that the Recommendation might be made public by the two Governments and later registered with the United Nations. He suggested that the P.J.B.D. should cease numbering their recommendations and merely date them, so as not to give rise to possible enquiries for the publication of the whole series if it became known that a certain numbered Recommendation had been accepted.

3. We then discussed possible methods for continuing the negotiations initially through political and diplomatic channels. They feel here that there are difficulties in the way of Ministerial talks in Washington, largely because of the reticences of the United States Services towards the civilian Chiefs of their Departments. They felt that it would be most productive if discussions were pursued through Atherton or myself, with the assistance of special advisers. I said that I was inclined to think that progress might best be made in Ottawa, where Atherton could meet the Ministers and senior officials concerned without attracting any special notice. I made it clear that this

<sup>1</sup> Le document précédent. Une copie de la lettre avait été envoyée à l'ambassadeur le 4 novembre.

<sup>1</sup> Preceding document. A copy of the letter had been sent to the Ambassador on 4 November.

was a personal view and that I might be able to put forward other suggestions after the Cabinet Defence Committee had considered the situation.

4. At this point I said that I was a good deal worried over the possibility that we might be strongly urged to devote so high a proportion of our available funds and manpower to northern defence against sporadic air attack that we would have too little left over for other military activities. If war came within ten or fifteen years, it would not be won or lost in operations on this Continent, and I was nervous lest too great concentration on home defence might leave Canada, and to some extent also the United States, ill prepared for military action in the decisive Theatres. Parsons interjected that he understood that the planners had modified their original conceptions so that the proposals which they would put forward in the Air Annex to the basic defence plan were likely to be far less costly than had once been thought probable. We did not enter into any discussion of possible division of costs, but I took the occasion to say that the Canadian Government could not reach an intelligent decision on the proportion of its military resources that should be devoted to Continental defence except in the light of global strategy. I, therefore, felt it necessary that there should be a very frank exchange of views on general strategic conceptions of the course of another war before we went much further.

5. Hickerson thought that such an exchange of views could only be arranged between the Chiefs of Staff without the participation of political or diplomatic representatives. We fully realized that the Canadian Chiefs of Staff were not in the same position as the United States Chiefs of Staff, but the latter would only be prepared to expound their views of global strategy to Service representatives.

6. I made some enquiries about their request for stationing forces at Goose Bay. It appears that the two groups which they wish to place there would have a total strength of four or five thousand, all ranks. They desire to rotate personnel rapidly so as to give a large proportion of their air crew experience in northern conditions, and they would like to reach an agreement as soon as possible. I mentioned the somewhat delicate situation involved in discussing the matter with Newfoundland at this transitional stage in the form of Government there. Ends.

982.

DND/112.1 (D178) CGS BDF 16-4-2

*Mémorandum du chef de l'état-major général  
au ministre de la Défense nationale*

*Memorandum from Chief of the General Staff to Minister of National Defence*

TOP SECRET

[Ottawa,] November 9, 1946

1. I have studied the paper marked "Oral Message" and I beg to offer the following comments:

2. As you will remember the Joint Appreciation was discussed at the Defence Committee meeting in July, and later I prepared my comments† on the Joint Defence Plan which were subsequently adopted by the Chiefs of Staff and presented to the Defence Committee later in July.

3. At the 21st meeting of the Cabinet Defence Committee, on 24 July, the following decisions were taken—it was agreed that Canadian participation in the detailed joint planning, (the preparation of the Annexures of the draft Basic Security Plan), be authorized and approval given to the Chief of the General Staff to inform the United Kingdom Chiefs of Staff of the contents of the Plan. Therefore, as far as we are concerned the Joint Appreciation and Plan has been approved by the Defence Committee, which is as far as it should be approved at this time.

4. I am informed that the Joint Planning Committee had set up certain Sub-Committees for the purpose of continuing Defence planning with the United States, and that the preparation of the Annexures is well under way but has not yet reached the stage where they can be discussed by the Chiefs of Staff. In other words, it is my opinion that the joint planning is proceeding as fast as is practicable, and I have no knowledge that it is for any particular Canadian reason that the planning is slow. Until these Annexures are received by the Chiefs of Staff no further progress can be made. First progress report of Joint Planning Committee is attached as Appendix "A".†

5. On page three, the American authorities have stated that "Canada and the United States lag in Cold Weather knowledge and experience, and that to be efficient in an emergency the Canadian and American Forces should have experience in working together, experience of the North, and increasing uniformity in equipment and methods". The only comments I have to make on these statements are as follows:

*Cold Weather Training*—As you know, it is our purpose to train the Canadian Permanent Brigade Group in Cold Weather Training as soon as practicable, i.e., as soon as they have recruited up to sufficient strength and have completed their basic training. Further, the Cold Weather Experimental Station at Churchill has been opened this year and cold weather training with the Americans will be commenced this year. I do not plan to do any further Winter Exercises this year but I have under consideration further Winter training exercises for the year 1947-48, and it is my intention to invite American participation.

6. In regard to increased uniformity of equipment and methods, I feel that this matter must now be left open to the much wider field of standardization between United States, United Kingdom, and Canada, which is under active investigation at the present time.

7. The question of financial cost of the defensive measures, which is referred to on pages three and four of the paper, I feel that this should form the

basis of a discussion on the highest level on the basis of my original recommendation which is contained in paragraph seven of the memorandum to the Cabinet Defence Committee, dated 15 July—"Canada's share in the undertaking would be proportionate to the size and extent of the vulnerable areas to be protected, and the financial and manpower resources of each country". In any case until the Annexures are completed and approved by the respective Chiefs of Staff there is very little action that can be undertaken about the division of costs.

8. In regard to the decisions which the Americans request, enumerated on page four, I submit the following comments:

(i) As the Defence Committee has already agreed in principle to the joint planning, I see very little else that can be done until the Annexures are ready for discussion, unless you feel that Cabinet approval is necessary. I am of the opinion that perhaps Cabinet Defence Committee approval and the Prime Minister's concurrence should be sufficient until financial matters are introduced. Exactly what is meant by "an adequate measure of joint action between Alaska on the West, and Greenland on the East" is not quite clear.

(ii) The approval of the 35th Recommendation has already been given by the Cabinet Defence Committee, and will need no further comment.

(iii) The question of the Americans remaining in Goose Bay would appear to be a foregone conclusion, and while this does not affect the Canadian Army manpower situation, there is no doubt the Air Force will feel that this commitment should be outside their ceiling.

C. F[OULKES]  
Lieutenant-General

983.

DEA/52-C

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

TOP SECRET

[Ottawa,] November 12, 1946

DEFENCE DISCUSSIONS

Defence questions cannot, of course, be effectively considered outside the framework of general international developments. The nature and extent of Canada's defence forces are, or should be, determined by the general world political situation, and Canada's relation to it. The crux of this situation is whether the United Nations can be made into an effective agency to guarantee

security or, if it cannot, whether the national policies of the Great Powers, now developing outside the United Nations, are likely to result in conflict between them.

As to the first, the United Nations is not now, and is not likely to be for many years, in a position to preserve the peace and punish the big aggressor. We should have, I think, no illusions about this. Most of us thought, after the last war, that the League of Nations meant peace and co-operation, and that we could relax our national defence efforts. We know this time that little confidence can be placed in the ability of the United Nations to guarantee security, until it can reflect friendly relations between the Great Powers themselves. We should, of course, continue to work for a strong United Nations, with every member nation making its contribution to the preservation of peace by international action. But we know that this ideal is not going to be achieved for many years.

The main reason for this lies in the relations between the Great Powers, and especially between the U.S.A. and the U.S.S.R.

If the relations between those two powers deteriorate to the point of conflict, we in Canada cannot escape from becoming involved at once. If we think that such a result is probable, or even possible, we would be negligent if we did not plan our defence policies with that end in view. The U.S.A. is certainly not going to provoke such a conflict and will not consciously shape its policies in such a way that they might be interpreted as aggressive and provocative, though it will make many mistakes and may even on occasion adopt bellicose and unreasonable attitudes. But what about Russia? Is it possible for the western democratic world to work out, if not a friendly, at least a tolerable relationship with a state, organized on a police basis, governed by ruthless despots, inhabited by millions of fighting men to whom life is hard and cheap, and with a dynamic communist ideology.

The best short statement of the position of Russia that I have recently read is the leading article in the *Economist* for November 3rd, "Reason and Russia", which I attach herewith.† A longer statement of the Russian problem is contained in a brilliant lecture by a London Foreign Office official, which I am also attaching.† He gave it, off the record of course, to a conference of military intelligence people in London. It is certainly worth reading.

My own view, for what it may be worth, is that without some fundamental change in the Soviet state system and in the policies and views of its leaders, the U.S.S.R. is ultimately bound to come into open conflict with western democracy. This, of course, does not mean that war is inevitable, because changes and collapse do take place. But without them—and there are few convincing signs of them in Russia—the end must be conflict. The Russian leaders themselves insist on this. We should not make the mistake we made with Hitler, of refusing to take seriously the words those leaders utter for home consumption.

Any such conflict will be as sudden as Pearl Harbour and a hundred times more devastating. The next war will certainly be "short, nasty and brutish"; no country will be given warning by the next aggressor; no country will be given time, in this day of atom bombs, bacteria and guided missiles, slowly to gather together its strength. This has, it seems to me, a bearing on our own defence policies. It would be folly to expect any warning of war, but a greater folly to prepare for a type of war which may be as out of date as the Macedonian phalanx.

All this does not mean war today or tomorrow. I cannot believe that Russia—even crediting her with the most evil intentions—would be ready to strike within five years or ten years. But the way the world is now going, there can only be one ultimate result—war.

The fact that, before we have even made peace after the last war, we can derive a measure of comfort from talk about a ten years' interval before the next, is an almost shattering revelation of the difference between our thinking now and in 1919. Who then would have dared to say that by 1929 we would be slaughtering each other again?

Nevertheless, the present world situation and particularly the position of Russia, makes it both wise and realistic to limit our thoughts of peace to a short period of time.

The U.S.A. and the U.K. have to bear the main defence burden resulting from a development of this kind. Canada, however, cannot escape the consequences of its own position in the strategy of any future war and its own importance in defence of the freedom loving world, which is our own defence as well. With the centre and pivot of that world the U.S.A., there is no isolation for us, or for the U.K., which must act as the advance base of western civilization. We will probably be asked by others to do more than we can, or ought, in defence of the things for which we have already fought twice in thirty years. Careful thought and planning on our part now will have, as one of its most useful results, the forestalling of unreasonable requests from Washington and London later. But the inescapable facts of the world situation dictate close co-operation with both those countries in working out combined plans based on sound principles. This may, for us, result in obligations which, economically, will be difficult to carry.

If I have diagnosed the situation accurately, it seems to me to suggest the following:

(1) We should organize our national strength in the most effective possible way to meet difficulties and dangers ahead;

(2) This requires combination and co-operation with others, primarily, I think, with the United States of America;

(3) We should examine, with the greatest possible care, our defence plans, to make sure that they fit into our proper place in this combined effort and are not dictated by merely traditional and possibly outworn concepts.

984.

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*Procès-verbal d'une réunion du Comité de défense du Cabinet<sup>1</sup>**Minutes of a Meeting of the Cabinet Defence Committee<sup>1</sup>*

TOP SECRET

[Ottawa,] November 13, 1946

The twenty-fourth meeting of the Cabinet Defence Committee was held in the Privy Council Chamber on Wednesday, November 13th, 1946, at 3 p.m.

## Present:

The Prime Minister (Mr. King) in the Chair  
 The Minister of National Defence for Air (Mr. Gibson)  
 The Secretary of State for External Affairs (Mr. St. Laurent)  
 The Minister of National Health and Welfare (Mr. Claxton)  
 The Minister of National Defence (Mr. Abbott)  
 The Minister of National Revenue and National War Services (Dr. McCann)  
 The Chief of the Air Staff (Air Marshal Leckie)  
 The Chief of the General Staff (Lieutenant-General Foulkes)  
 The Chief of the Naval Staff (Vice-Admiral Reid)  
 The Assistant Chief of the Naval Staff (Commodore DeWolf)  
 The Director General of Defence Research (Dr. Solandt)  
 The Secretary, Chiefs of Staff Committee (Group Captain Bean)  
 The Secretary to the Cabinet (Mr. Heeney)  
 The Under-Secretary of State for External Affairs (Mr. Pearson)  
 The Special Assistant to the Prime Minister (Mr. Pickersgill)  
 The Secretary, Cabinet Defence Committee (Mr. Gill)

OFFICE OF THE SPECIAL COMMISSIONER FOR DEFENCE PROJECTS  
 IN NORTHWEST CANADA; CONTINUATION OF FUNCTIONS

1. MR. HEENEY submitted proposals for the continued operation of the office of the Special Commissioner for Defence Projects in Northwest Canada after the end of the current year.

As he had indicated at the previous meeting, arrangements were being made for the temporary appointment of a successor to Mr. Phinney, who was retiring on November 15th, and for the office to remain in operation until the year end under the auspices of the Privy Council Office. If it were to continue after that date, it should be transferred to some other government department,—the Department of National Defence had been suggested. It would then be necessary for the administering department to seek new authority for the office upon the termination of the Emergency Transitional Powers Act.

<sup>1</sup> La reproduction au complet du procès-verbal de cette réunion fut jugée plus utile au lecteur que la présentation d'extraits se rapportant exclusivement au sujet de cette section.

<sup>1</sup> The printing in their entirety of the minutes of this meeting was considered more useful to the reader than the reproduction of extracts dealing exclusively with the subject of this section.

An explanatory memorandum had been circulated. (Memo to Cabinet Defence Committee of October 15th, 1946—Cabinet document D-86).†

2. THE CHIEF OF THE GENERAL STAFF, with the Minister of National Defence in agreement, saw a continuing need for the office, but expressed the opinion that, in view of the responsibility which Mines and Resources would eventually assume in connection with the Alaska Highway, it would seem more appropriate for them to assume control of the office when it was transferred from the Privy Council Office.

3. THE COMMITTEE, after further discussion, agreed that Mines and Resources be approached to ascertain whether they were prepared to assume responsibility for the administration of the office of the Special Commissioner for Defence Projects in Northwest Canada from January 1st, 1947.

DEFENCE POLICY; GENERAL CONSIDERATIONS;  
JOINT PLANNING WITH THE UNITED STATES

4. THE PRIME MINISTER, referring to recent discussions in the Cabinet, said that the purpose of the meeting was to review in a preliminary way current questions of defence policy, including the estimates of the defence departments. The Cabinet would devote the next two days to these important problems.

Following his conversation with President Truman in Washington on October 28th, 1946, during which certain defence matters of mutual interest to the two countries had been discussed, an "oral message"<sup>1</sup> had been received through the U.S. Ambassador in which certain specific proposals had been made. It had been argued that these should be discussed initially between the two governments on the diplomatic level.

It would be useful, as a background to ministerial consideration of these questions, to have the advice of the Chiefs of Staff on the general strategic situation, and their report on the progress of current joint planning with the United States.

5. THE CHIEF OF THE AIR STAFF pointed out that the risk of attack upon this country had been assessed in the joint draft appreciation which had been prepared as a preliminary to joint planning by the Canada-United States Military Cooperation Committee.<sup>2</sup> This document had been submitted to the Defence Committee on July 9th, 1946, and explained by Intelligence officers. It would be recalled that this document had concluded that the North American continent could no longer be regarded as immune from attack and that, after a few years, the capabilities of a potential aggressor would be increased considerably through possession of the atomic bomb and other modern weapons. The resulting draft "Basic Security Plan" had also been explained to the Defence Committee on that occasion and,

<sup>1</sup> Voir la pièce jointe, document 979.

<sup>1</sup> See Enclosure, Document 979.

<sup>2</sup> Document 956.

subsequently, detailed planning on the various aspects of continental defence had proceeded through appropriate joint sub-committees. The most important, and immediate, of these detailed plans was the air defence scheme. This had not yet been presented to the Chiefs of Staff, but he had had an opportunity of examining it in a preliminary way. He was very much concerned at the extent of the undertakings which it envisaged, particularly their financial implications; nor was he altogether satisfied with the strategic concept upon which it was based.

The intelligence upon which the draft appreciation was founded had been drawn largely from United States sources. The military view in Washington was that, in any future war, an aggressor would attempt to neutralize the war potential of this continent before embarking on a programme of expansion elsewhere. He did not altogether share this view, and felt that any attacks which might develop would be of a diversionary nature which would not warrant the establishment of an elaborate defence scheme employing our resources in a static role. With this in mind, and, in view of the immense financial outlays involved, it might be more appropriate to adopt measures of more modest proportions.

6. THE CHIEF OF THE GENERAL STAFF agreed that plans intended to provide complete protection against sporadic raids would not be justified. It was, however, important in future planning to bear in mind that the continent was no longer free from attack. Moreover, realistic planning should provide the means of offensive action as well as for more static defence.

While the appreciation was based primarily on U.S. intelligence, the U.K. Staff's assessment of risk did not differ materially from that contained in the joint Canada-United States document.

7. THE CHIEF OF THE NAVAL STAFF said that, in present planning, the role of the Navy was of somewhat lesser importance than that of the other Services. The Canadian Navy was being organized so as to provide defence of coastal waters and for escort duties in both the Atlantic and Pacific approaches. It would also be capable of providing a force to cooperate, as the occasion required, with the British and United States Navies. In any future war, anti-submarine measures would constitute the most important and difficult Naval task, and it was as yet not clear as to what means would prove effective in this department.

8. MR. KING observed that the reports and views of the Chiefs of Staff concerning the present stage of joint planning with the United States emphasized the need of early discussions between the two governments of the very important questions involved. Meantime, the Cabinet should be given the fullest information on all phases of the problem and should consider most carefully the immense national issues at stake.

9. THE COMMITTEE, after considerable discussion, noted the reports of the Chiefs of Staff, agreeing that these questions would be submitted fully to the Cabinet the following day.

UNITED KINGDOM—CANADA—UNITED STATES;  
STANDARDIZATION OF EQUIPMENT; DEFENCE COOPERATION

10. THE CHIEF OF THE GENERAL STAFF reported upon the progress of discussions concerning the standardization of military equipment between the three countries.

Following recent preliminary meetings in the United Kingdom, tripartite talks at the Service level were now under way in Washington. It was now intended that these discussions would be broadened to include basic strategic and tactical factors and the adoption of joint measures in peacetime. Canadian officers were participating in the current talks on a basis of equality with the U.K.—and the U.S. Service representatives.

11. THE COMMITTEE, after discussion, noted the report of the Chief of the General Staff on this subject.

COMMONWEALTH DEFENCE COOPERATION;  
SERVICE REPRESENTATION IN LONDON

12. THE PRIME MINISTER said that, among the subjects discussed at the "Prime Ministers' " Conference in London earlier in the year, was that of future arrangements for military representation within the Commonwealth. On that occasion, it had been made quite clear that, while the appointment of Service liaison officers attached to the High Commissioner's establishments would be acceptable, no centralized defence organization could be countenanced. This had been the expressed view of Field Marshal Smuts, with which he had categorically agreed. It should be quite clearly understood that Service officers stationed in London should form part of the High Commissioner's staff, that their functions were limited strictly to "liaison", and that they would not constitute a "mission" in any sense. The numbers involved should be only those required for these limited purposes.

13. THE CHIEFS OF STAFF AND THE DIRECTOR GENERAL OF DEFENCE RESEARCH reported the approximate numbers of the respective personnel required in London for liaison purposes. These involved, respectively, Air Force, one Air Vice-Marshal and some five officers, Army, one Brigadier and five officers, Navy, one Commodore and five officers, a small group for Defence Research, and necessary subordinate personnel.

The liaison duties to be performed were described; these related largely to having advance notice of U.K. Service developments on equipment and training.

14. THE COMMITTEE, after further discussion, noted the reports made, and agreed that the question be considered by the Cabinet at an early meeting.

SERVICE PROGRAMMES; AIR FORCE AND ARMY

15. THE PRIME MINISTER observed that, in the discussion of joint planning with the United States, the principal emphasis appeared to be on air defence.

This raised the question of the relative strength of the Canadian Air Force in the current programme in comparison with those of the other Services, particularly that of the Army.

16. THE CHIEF OF THE GENERAL STAFF explained that the Army was organized within the authorized manpower ceiling of 25,000, to provide operational troops of some 7,000. The remainder were to provide headquarters staffs, administrative units, and training establishments for Active and Reserve components. The principal function of the Active Force was to ensure the immediate security of Canada and a brigade group was considered to be the smallest formation capable of performing this task.

17. THE COMMITTEE, after discussion, noted the Prime Minister's observations and the statement of the Chief of the General Staff, agreeing that this matter would be considered by the Cabinet in reviewing the current programmes of the three Services.

NORTH AMERICAN DEFENCE; 35TH RECOMMENDATION  
OF THE PERMANENT JOINT BOARD ON DEFENCE

18. THE PRIME MINISTER, referring to President Truman's "oral message" on joint defence policy, asked the Committee to consider the 35th Recommendation of the Permanent Joint Board, which outlined certain principles of cooperation between the Armed Forces of the United States and Canada.

Since previous discussion of this Recommendation by the Cabinet, it had been amended on the initiative of the United States Section of the Board, with the object of safeguarding the sovereignty and protecting the interests of that country in whose territory joint projects of a defence nature were undertaken. It was now submitted in draft form to determine its acceptability to the Canadian authorities.

If its terms were generally acceptable, there was the secondary question of its disposition. In this connection, it had been suggested that it be made public and be registered with the United Nations Organization as a regional arrangement. (Memo from Secretary, Cabinet Defence Committee, to Cabinet, October 21st, 1946—Cabinet document 316)<sup>1</sup>

19. THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS suggested that decision on this supplementary question of disposition be deferred pending the outcome of discussions now in progress in the United Nations Organization, with a view to drafting rules for the registration of regional agreements.

20. THE COMMITTEE, after further discussion, agreed to recommend to the Cabinet:

- (a) acceptance of the Board's 35th Recommendation, subject to certain minor amendments of the text; and
- (b) that the question of publicity and possible registration of the document with the United Nations Organization be deferred.

<sup>1</sup> Document 973.

985.

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*Aide-mémoire du gouvernement de Grande-Bretagne<sup>1</sup>**Aide-mémoire by Government of Great Britain<sup>1</sup>*

TOP SECRET

## UNITED STATES BASES IN CANADA

We appreciate the importance to Canada of close political and military co-operation with the U.S.A., especially in matters of defence. This is of almost equal importance to the United Kingdom. On the other hand, we should be very careful to avoid Soviet reactions such as would tend to retard the setting up of a genuine international security system under U.N.O.

2. We should also try not to embarrass the Dominions in the Pacific by allowing a situation to develop which might make them feel that their own position was prejudiced, without any compensating guarantee of defence from the U.S.A.

3. We recognize that even if Canada should wish to remain neutral her geographical position, and the disparity between her population and that of the U.S.A., would make it difficult for her to do so if the U.S. were to be attacked from over Canadian territory. This consideration applies whatever defensive arrangements may be set up. Since Canada is likely to be drawn into any war in which the United States was attacked from over Canadian territory, and since in these circumstances Canada would look to the United Kingdom for help the United Kingdom is deeply concerned about the U.S. proposals for bases in Canada.

4. We suggest that the matter is one that should not be hurried. Although four or five years is little enough time in which to set up a defensive system in the Arctic regions and in which to train personnel, it does leave sufficient time for the matter to be given the close study which it deserves. In particular the following points should be considered:

(a) The importance that both Canada and ourselves should co-operate with the United States in matters of defence and that we should not appear to rebuff their present advances.

(b) The grave danger of provoking Soviet reactions which would tend to divide the world into two armed camps, especially at a time when we are endeavouring to set up a world system for ensuring security.

(c) The danger of embarrassing other members of the British Commonwealth, particularly in the Pacific, who might feel that their own position was prejudiced without any compensating guarantee of United States co-operation.

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<sup>1</sup>Cet aide-mémoire fut donné à M. St. Laurent par M. Bevin le 13 novembre à New York où les deux participants aux réunions de l'Assemblée générale des Nations Unies.

<sup>1</sup>This aide-mémoire was given to Mr. St. Laurent by Mr. Bevin on November 13 in New York where they were both participating in the meetings of the General Assembly of the United Nations.

(d) Whether the proposals can be held to come within the spirit and intention of the Atlantic Charter regarding regional arrangements for defence.

(e) The need that we should beware of military measures which, because of their unfavourable reaction on political sentiment, make themselves the more essential. This is a vicious circle which leads inevitably to war. Consequently, military measures, however great their technical advantages, should be subordinate to political considerations.

(f) The question of sovereignty over any bases which might be set up.

986.

PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa,] November 14, 1946

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DEFENCE POLICIES; COMMONWEALTH RELATIONS; JOINT PLANNING  
WITH THE UNITED STATES; SERVICE PROGRAMMES

1. THE PRIME MINISTER, referring to the decision taken at the meeting of November 5th, reported that the Cabinet Defence Committee had now given preliminary consideration to important and urgent questions of defence policy to which it was now desired that the Cabinet address their earnest attention.

In particular, consideration should be given to problems of defence relationships within the Commonwealth and to the current programmes of the Services in terms of manpower and finance in relation to developments within the past few months, especially in connection with joint planning with the United States. Further, questions of government organization for defence including the appointment of a single Minister, the functions and personnel of the Cabinet Defence Committee, the position of the Chiefs of Staff and departmental machinery required careful examination.

Matters of immediate urgency were those arising out of joint planning with the United States. In this connection it was expected that discussions between the two governments on the diplomatic level would take place before long.

As a preliminary to consideration of these problems, the Chiefs of Staff had been asked to attend the present meeting to describe the present strategic situation and the background against which decisions would be made. Intelligence officers of the three Services would explain a draft appreciation and a draft basic security plan which had been prepared jointly by Canadian and U.S. officers as a preliminary to joint detailed planning for North American defence. These documents had been submitted to the Cabinet Defence Committee after concurrence therein of the Chiefs of Staff.

("An appreciation of the Requirements for Canadian-U.S. Security" No. 1, May 23, 1946<sup>1</sup>; "Joint Canadian-United States Basic Security Plan, June 5, 1946"<sup>2</sup>.)

2. THE CABINET noted with approval the Prime Minister's observations.

NORTH AMERICAN DEFENCE; JOINT DRAFT  
APPRECIATION AND BASIC SECURITY PLAN

3. THE SERVICE INTELLIGENCE OFFICERS, at the request of the Chief of the Air Staff, explained at length (with the aid of maps and charts) the joint draft appreciation and commented upon the intelligence upon which the conclusions of this document had been based.

Their exposition included a description of the strategic concept of continental defence which the joint planners of the two countries had accepted, and assessment of the capabilities of potential enemies, estimates of the time elements involved, an indication of possible objectives in North America and an assessment of probable forms and scales of attack.

4. THE CHIEF OF THE GENERAL STAFF explained the purpose of the joint appreciation. While it was based primarily on intelligence from U.S. sources, the conclusions suggested in it were generally supported by intelligence from the United Kingdom. There was, however, some difference between the American and British estimates of the time element involved.

The appreciation had led to the formulation of a draft basic security plan for North American defence in which were set forth the several tasks to be undertaken by the armed forces of Canada and the United States. These included, in the first instance, an air defence scheme also an extensive programme of air photography and mapping and Arctic tests and training.

After careful examination of the draft joint appreciation and plan the Chiefs of Staff had concurred in those documents as a satisfactory basis for detailed planning. After their submission and explanation to the Cabinet Defence Committee, further joint planning with the United States had been authorized (with the concurrence of the Prime Minister) and draft detailed plans were at present in course of preparation.

5. THE DIRECTOR GENERAL OF DEFENCE RESEARCH commented upon the draft appreciation and plan from the point of view of the technical and scientific development of weapons.

In these fields a satisfactory basis had been laid for collaboration with the United Kingdom and the United States.

6. THE CABINET noted the reports of the Service Intelligence Officers and the observations of the Chief of the General Staff and the Director General of Defence Research.

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The meeting adjourned at 1.15 p.m. and resumed at 3.00 p.m.

<sup>1</sup> Document 956.

<sup>2</sup> Document 957.

## DEFENCE POLICIES; JOINT PLANNING WITH THE UNITED STATES

7. THE PRIME MINISTER commented upon the presentations made by the Chiefs of Staff and by the Service intelligence officers that morning.

The questions raised by the draft joint appreciation were of the highest importance. There could be no doubt that North American defence had to be considered as a whole. The defence of Canada was inseparable from that of the United States. This had been accepted policy in both countries since before the war. It was questionable, however, how far the government should accept, in any event at this stage, the strategic concept upon which the conclusions of the joint draft appreciation had been based.

8. MR. KING said that, arising out of his interview with President Truman on October 28th, three immediate questions required consideration—the first related to the draft joint appreciation, the second to the 35th recommendation of the Permanent Joint Board and the third to the stationing of further U.S. forces at Goose Bay, Labrador.

The importance and urgency of the issues involved emphasized the necessity of early discussions between the two governments at the diplomatic level. This procedure had, in fact, been agreed between the President and himself. One of the primary purposes of these discussions would be to consider the subject matter of the appreciation, with a view to reaching agreement on the basis upon which further joint planning should proceed.

Meantime, the Chiefs of Staff had been invited to return to the meeting to explain the current programmes of their respective Services with particular reference to the present stage of joint planning with the United States.

9. THE CABINET, after further discussion, deferred further consideration of these questions.

## DEFENCE POLICIES; SERVICE PROGRAMMES

10. THE CHIEF OF THE AIR STAFF observed that preliminary reports upon detailed joint plans in course of preparation indicated that the air defence scheme when submitted would be very extensive and involve very large financial commitments. It was unlikely that it would be fully supported by the Air Staff.

11. AIR MARSHAL LECKIE said that the R.C.A.F. was presently organized as a nucleus upon which rapid expansion could be based in time of emergency. The current programme provided for only eight operational squadrons requiring personnel of some 4,000 and headquarters, administrative and training units, all of which would come within the approved ceiling of 16,100. At present, the strength of the permanent force was approximately 12,000. The estimated cost for the next fiscal year was \$21 million capital and \$79 million recurring.

12. THE CHIEF OF THE GENERAL STAFF stated that the Army was organized with two principal objectives, viz. the provision of a small fighting force for

the immediate security of Canada (involving some 7,000 men) and appropriate headquarters and training establishments as a basis upon which to develop the Reserve Army in the event of an emergency. The total would fall within the approved ceiling of 25,000 men and would involve annual recurring expenditures of approximately \$70 million. The present active strength of the Army was about 11,700 men.

13. THE CHIEF OF THE NAVAL STAFF described briefly the role of the Navy in providing for the defence of coastal waters and for escort forces in cooperation with the United Kingdom and the United States. The units planned would involve total manpower within the authorized ceiling of 10,000. The estimated cost of this programme for the current fiscal year was estimated at \$73 million. At present there were 7,000 men in the permanent force and 2,000 in the interim force.

14. THE DIRECTOR GENERAL OF DEFENCE RESEARCH described plans now in hand for the organization of scientific and development work in connection with the three Services. The Canadian Armament Research and Development Establishment at Valcartier and the Suffield experimental station were being taken over from the Army. Research of common interest to the three Services would be conducted under the joint organization. Close collaboration with both the United Kingdom and the United States would be a primary element of policy.

Personnel would likely reach some 800 when control of the Valcartier and Suffield establishments was assumed. With respect to finance, the current vote of \$15 million would not be expended this year. It might be anticipated that a similar amount would be required for the next fiscal year.

15. THE CABINET, after discussion, noted the reports of the Chiefs of Staff.

DEFENCE POLICIES; 35TH RECOMMENDATION OF THE  
PERMANENT JOINT BOARD ON DEFENCE

16. THE PRIME MINISTER requested reconsideration of the 35th recommendation of the Canada-U.S. Permanent Joint Board on Defence. This had first been submitted to the Cabinet at the meeting of May 9th last, when decision thereon had been deferred.

The recommendation was in draft form only. It sought to set out appropriate principles for cooperation between the forces of the United States and of Canada. It had now been requested that the government accord it favourable consideration.

The draft had been amended since its earlier submission, with a view to the safeguarding of sovereignty and the protection of the interests of the country in whose territory joint operations were undertaken. In this form it had been considered by the Cabinet Defence Committee and was recommended for approval.

(Memorandum, Secretary, Cabinet Defence Committee, Oct. 21, 1946 and annexed draft recommendation of the Board—Cabinet Document 316.)<sup>1</sup>

17. THE CABINET, after considerable discussion, agreed that a recommendation along the lines of the draft submitted would be favourably considered by the government and that the Board be informed to that effect.

A. D. P. HEENEY

987.

DEA/52-C

*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, November 14, 1946

Dear Mr. Pearson,

With reference to your letter of November 2nd<sup>2</sup> and my WA-4020 of November 12th,† I was surprised, as you were, to hear of the breadth of the territory to be covered during the tri-partite staff talks in Washington. To some degree I share your hesitation over our participation on a nominally equal footing in these discussions. On the whole, however, I am inclined to think that we should do so.

The more I think of it, the more I am convinced that a joint appreciation and forecast of the global strategical situation, developed by our two great prospective Allies in another war, would be of great value in reaching intelligent decisions on our own domestic policies, provided that it is well done and carries conviction. If these talks fulfil their purpose and the results are accepted in London and Washington, it seems to me that we shall have to accept the conclusions as a matter of practical necessity. Unless we run the risks involved in junior partnership in the formulation of the strategical concepts, I am fairly certain that there would be greater difficulty in securing consent in Ottawa on the political level, since the advisers of the Government would not be able to explain fully the processes whereby the conclusions were reached.

To illustrate this, it seems to me that we cannot reach a sound decision on such problems as the proper scale of air defences of North America and our appropriate share of responsibility therein except in the light of some authoritative appreciation concurred in by both the U.S. and the U.K. of the conditions and theatres in which another war is likely to be fought and decided. One could multiply illustrations of this sort.

<sup>1</sup> Document 973.

<sup>2</sup> Non trouvée.

<sup>3</sup> Not located.

It is possible that we might have a small positive contribution to make if we can manage to be represented by good men and to have them well instructed. You mentioned in your letter that you and Arnold<sup>1</sup> were not much impressed by the quality of some of the political arguments put forward in the War Office memoranda which Foulkes read to the Chiefs of Staff. You know very well the tendency here for the Services to hold aloof from the State Department. If our representatives can be kept closely in touch with the views of the political advisers to the Government, we might be able to do a little to improve the result of the discussions.

I assume that the talks began earlier this week, but I have heard nothing from the Canadian participants. I fully agree that it would be useful if they could keep me personally informed of what is going on, but I think that they will have to be told so by their Chiefs of Staff. No one but myself in the Embassy knows anything about the nature of these talks, and George Wait tells me that he is the only member of the Joint Staff who is informed. He is in the picture apparently only because the R.C.A.F. sent him to London with Foulkes and not because he is the Chairman of the Joint Staff here. He was dubious about talking to me about the London discussions until he found out how much I already knew.

Yours sincerely,

H. H. WRONG

988.

B.C./Vol. 122

*Déclaration du ministre de la Santé nationale  
et du Bien-être social au Cabinet*

*Statement by Minister of National Health and Welfare to Cabinet*

TOP SECRET

[Ottawa,] November 15, 1946

Yesterday afternoon, the Chief of the Air Staff told us that the United States took the view that the main attack would be launched against them, with the object of crippling the productive power of the United States.

He went on to say that this was not the view either of the U.K. or of the Canadian General Staffs, who felt that any attack on this continent would be diversionary, that is, intended to prevent our assisting in the defence against the main attack. Only when the latter was pushed home, would the full resources of the rest of the world be turned against this continent.

My present purpose is not to indicate a preference between the two views, but to point out, indeed to emphasize in the strongest terms, the fact that there is a fundamental difference in the concepts of the American and Canadian Staffs.

This would vitally affect the whole scale of the defence measures which should be established.

<sup>1</sup> A. D. P. Heeney.

Further, this fundamental difference of view arises out of a joint appreciation. On the basis of that appreciation the Americans say that they are to be the object of the main attack, and we say that at the outset we would be the object of a diversionary attack.

On the basis of this appreciation, the Military Co-operation Committee of Canada and the United States (generally called "The Joint Planners") have been drawing up a plan for submission to the General Staffs of the two countries. In anticipation of this, so that we might better appreciate the situation, Air Vice-Marshal Leckie has described to us this plan, and it appears to be based on the American concept. He has added that, having regard to the defence needs of Canada and the resources of Canada, he would not be likely to recommend the adoption of this plan when it comes before him.

I mention this as the background against which we should now consider the President's request that we should endorse the joint planning and that this endorsement should take the form of approval of the appreciation.

That is, we are asked to approve an appreciation when it is a fair assumption that the Americans draw a conclusion from it totally different from that which our expert advisers are likely to draw.

Secondly, we are asked to approve the continuation of joint planning which we now know is going forward on the basis of the American interpretation of the appreciation and which is designed to attain an object which our advisers will probably say is entirely beyond our capacity, even if it is desirable, namely the achievement of a Maginot line across the north of Canada.

It seems to me that in these circumstances and against this background, our approval of the appreciation and endorsement of the joint planning that is now going on could not but mislead our American partners into the belief that we were going along with them in their concept.

It seems to me that each day that we allow them to continue along the present course will commit us further to acceptance of that course.

It seems to me that as this proceeds we will find that in their view at least we will have acquiesced in the action they have been taking, so that all that remains will be to settle the details and allocate the cost.

Moreover, if it comes down to this, we will be in a weak bargaining position, at least in a much weaker bargaining position than if we were to say to them now, "We simply don't agree with your concept. We can't afford to allocate any considerable proportion of the defence appropriations we can make in support of it. If you insist that this is necessary for your defence, then we would expect that you would contribute a large proportion of the cost."

Wouldn't it be better now, rather than to approve the appreciation and endorse the planning, to enter into the discussion with the Americans at the top political level and clarify the ground there before committing ourselves by allowing a chain of events to appear in the minds of the Americans to commit us.

Shouldn't our reply to the President therefore be that while we agree emphatically that there should be joint planning on the basis of an appreciation to be agreed to by the political representatives of the two countries, we feel that the best way to proceed would be to have the discussion at the political level at once and then to give instructions to the Chiefs of Staff and the Joint Planners.

In that way we would be reserving our position and not giving away any bargaining power or committing ourselves to something that, frankly, seems to me to be totally unacceptable.

Obviously this is a matter of great urgency. I think we should ask our Chiefs of Staff to give us at once, and without waiting for any further developments, a joint comment on the appreciation and at least the outlines of a plan of defence which would at once co-ordinate the activities of the three services and relate their combined effectives to a workable plan of joint action with the United States which would meet two requirements, first, joint action with the United States for the defence of this continent, and second, the other defence needs or military objectives of Canada.

With that and some estimates of the cost, our political representatives could, after discussion with the Cabinet, enter the political discussions with a view to securing an understanding by the political representatives of the United States of the defence needs of Canada and of the means available to meet them.

In this way we would not enter upon the most important action in the peacetime history of the country on the basis of a possible misunderstanding.

989.

W.L.M.K./Vol. 389

*Conclusions du Cabinet*<sup>1</sup>*Cabinet Conclusions*<sup>1</sup>

TOP SECRET

Ottawa, November 15, 1946

A meeting of the Cabinet was held in the Privy Council Chamber on Friday, November 15th, 1946 at 11.00 a.m. The meeting adjourned at 1.00 p.m. and resumed at 3.00 p.m.

## PRESENT:

The Prime Minister (Mr. King), in the Chair,  
 The Minister of Veterans Affairs (Mr. Mackenzie),  
 The Minister of Reconstruction and Supply (Mr. Howe),  
 The Minister of Agriculture (Mr. Gardiner)  
 (present during latter part of the afternoon meeting),

<sup>1</sup> Les conclusions de cette réunion du Cabinet sont reproduites au complet pour démontrer la préoccupation du Cabinet à cette date avec les problèmes de défense et de politique internationale en général.

<sup>1</sup> The conclusions of this meeting of the Cabinet are printed in their entirety to indicate the Cabinet's preoccupation at this date with defence and other problems of international politics.

The Minister of National Defence for Air (Mr. Gibson),  
The Minister of Justice and Secretary of State  
for External Affairs (Mr. St. Laurent),  
The Minister of Public Works (Mr. Fournier),  
The Postmaster General (Mr. Bertrand),  
The Minister of National Health and Welfare (Mr. Claxton),  
The Solicitor General (Mr. Jean),  
The Minister of Transport (Mr. Chevrier),  
The Secretary of State (Mr. Martin),  
The Minister of National Defence and Minister of  
National Defence for Naval Services (Mr. Abbott),  
The Minister of National Revenue and Minister of  
National War Services (Dr. McCann),  
The Minister of Fisheries (Mr. Bridges).  
The Secretary to the Cabinet (Mr. Heeney).

#### REDISTRIBUTION

1. THE MINISTER OF VETERANS AFFAIRS reported on behalf of the Cabinet Committee established at the meeting of November 12th.

Discussions in respect of the different Provinces were being carried on and maps were being prepared. A detailed report for Cabinet consideration would be available before long.

2. THE CABINET noted the Minister's report.

#### NATIONAL WAR MEMORIAL

3. THE PRIME MINISTER, referring to the discussion at the meeting of November 12th, reported that a communication had now been received from the Dominion Command of the Legion in support of the proposal to have reference to the recent war included by a suitable inscription on the National War Memorial.

4. THE CABINET, after discussion, agreed that the Department of Public Works should have an architect examine the situation and report as to what might be appropriately done.

#### DEFENCE POLICIES; CANADIAN SERVICE REPRESENTATION IN THE UNITED KINGDOM

5. THE PRIME MINISTER observed that the government had as yet reached no final decision as to the form of military representation in London.

At the "Prime Ministers'" meetings in London the previous spring, this question had been discussed and it had been recognized, as a result, that anything in the nature of a centralized organization for "Imperial" defence was unacceptable and inappropriate to the relationship which existed between the nations of the Commonwealth. This was quite evident from the record of discussions at the time. Furthermore, the establishment of any executive machinery in London would be contrary to long settled Canadian policy and, in-

deed, to the principles of the Statute of Westminster and the recorded conclusions on the subject of recent Imperial Conferences.

In opposing the establishment of a military mission in London on the part of South Africa, on grounds similar to the above, Field Marshal Smuts had, on the other hand, supported the appointment of "liaison officers" to the staffs of the High Commissioners. This proposal was deemed appropriate and desirable as a means of facilitating the traditional cooperation and coordination in defence matters between the nations of the Commonwealth. The functions of these officers would be confined to liaison with the U.K. Services and would not include participation in planning of any kind. The Prime Minister had expressed agreement with such an arrangement and its implications, from the Canadian point of view, had been under consideration by the Services here and recently by the Cabinet Defence Committee.

The Cabinet would observe that recent proposals relating to the organization of Commonwealth defence to which publicity had been given in Britain and in this country were quite contrary to that for the appointment of liaison officers to which reference had been made.

6. THE CABINET, after considerable discussion, agreed to Canadian Service representation in the United Kingdom by the attachment to the High Commissioner's office in London of appropriate liaison officers; the personnel involved to be settled subsequently on the basis of the approved requirements of the three Services.

DEFENCE POLICIES; JOINT PLANNING WITH THE UNITED STATES;  
COMMONWEALTH COOPERATION

7. THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS observed that approval of the 35th recommendation of the Joint Defence Board which set forth the principles of defence cooperation with the United States involved the question of its relationship to comparable arrangements within the Commonwealth.

The Board's recommendation would constitute, in effect, an agreement between Canada and the United States for regional defence which might evoke comparison with the relatively undefined defence relationships between Canada and other parts of the Commonwealth. It would be recalled that the Commonwealth itself was commonly cited as a typical and desirable regional arrangement such as was contemplated under the Charter of the United Nations.

8. THE PRIME MINISTER observed that Commonwealth defence cooperation rested upon a basis of understanding and tradition independent of any regional arrangements and requiring no precise agreements. This was the unanimous conclusion of the Imperial Conference of 1937. Further, the proposed arrangements with the United States for North American defence were, in a sense, a substantial contribution to the Commonwealth, since a first tenet of United Kingdom foreign policy was the maintenance of the closest friendship with the United States.

Appropriate reference to the Commonwealth defence relationship might well be made when the 35th recommendation of the Board was made public.

9. MR. KING drew attention to the reference in the so-called "oral message" of President Truman to the desirability of early approval of the Board's 35th recommendation.

The President had appreciated our desire to keep the U.K. government informed of the progress of our joint defence arrangements with the United States and the Secretary of State for External Affairs had discussed the matter with the U.K. Foreign Secretary in New York. Mr. Bevin had subsequently given Mr. St. Laurent an aide mémoire containing certain observations from the United Kingdom point of view. This aide mémoire (which Mr. King read) emphasized the importance of calculating Soviet reactions to joint defence measures in the Arctic, also to the effects of special Canada-U.S. arrangements upon other Commonwealth defence relationships.

(United Kingdom aide mémoire, undated)<sup>1</sup>

10. THE CABINET, after further discussion:

(a) confirmed the decision taken at the previous meeting respecting approval of the Board's 35th recommendation;

(b) agreed that the text of the Board's 35th recommendation be communicated to the United Kingdom; and,

(c) agreed that, at such time as publicity were given to defence arrangements with the United States under the Board's 35th recommendation, appropriate public reference should also be made to similar cooperative defence arrangements with the United Kingdom under long standing Canadian policy.

DEFENCE POLICIES; NORTH AMERICAN DEFENCE;  
JOINT PLANNING WITH THE UNITED STATES

11. THE PRIME MINISTER again read the text of the "oral message" from President Truman, drawing attention to the fact that it contained three specific proposals:

(i) endorsement of joint planning now in progress with particular reference to joint measures in the Arctic (such endorsement, it was suggested, might take the form of approval of the draft appreciation prepared by Canadian and U.S. staffs);

(ii) approval of the Board's 35th recommendation; and,

(iii) consent to the stationing of substantially increased U.S. forces at Goose Bay, Labrador.

The second proposal had already been dealt with. The first and third remained for consideration.

<sup>1</sup> Document 985.

(President's "oral message" to the Prime Minister—undated—handed to Under-Secretary of State for External Affairs by U.S. Ambassador, Oct. 28, 1946.)<sup>1</sup>

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The meeting adjourned at 1.00 p.m. and resumed at 3.00 p.m.

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#### NAVY; SIZE OF POSTWAR FORCE

12. THE PRIME MINISTER made reference to a report of a recent speech by the Chief of the Naval Staff, in which Admiral Reid was stated to have expressed the view that the Canadian Navy should be a good deal larger than at present planned. It was quite improper for a Chief of Staff to express himself publicly on matters of government policy.

13. THE MINISTER OF NATIONAL DEFENCE said that the impropriety of his conduct had already been drawn to the attention of Admiral Reid.

14. THE CABINET noted with approval the remarks of the Prime Minister and the Minister of National Defence.

#### DEFENCE POLICIES; NORTH AMERICAN DEFENCE; JOINT PLANNING WITH THE UNITED STATES

15. THE PRIME MINISTER referred again to President Truman's "oral message" and the two specific decisions therein suggested which remained for disposition, viz., endorsement of joint planning and consent to increased U.S. forces at Goose Bay.

It was suggested that endorsement of joint planning now in progress (which had particular reference to measures of joint action in the North) might take the form of concurrence in the draft joint appreciation which had been explained in detail to the Cabinet the previous day by Intelligence Officers of the three Services. While assurances might be given in general terms of Canadian support for the continuance of joint planning along agreed lines, concurrence in the conclusions of the draft joint appreciation involved policy considerations of the highest importance and could not properly be given by the government, at least at this stage. In due course an agreed appreciation would have to be formulated as a basis for joint measures. Such an overall appreciation, however, would have to be prepared with the greatest care and only after full discussion between the two governments on the diplomatic level.

With respect to Goose Bay, this was also a matter for discussion on the diplomatic level. It involved directly the U.K. Government and Newfoundland, and no decision on the subject could be taken immediately.

It was proposed that discussions between the two governments would be initiated at an early date on the basis of the President's "oral message"; the

<sup>1</sup> Voir la pièce jointe, document 979.

<sup>1</sup> See Enclosure, Document 979.

Under-Secretary of State for External Affairs had been authorized to communicate with the U.S. Ambassador to this effect.

It had been suggested that the discussions could best be conducted in Ottawa between the U.S. Embassy and the Department of External Affairs, with the participation of appropriate Service officers and advisers on both sides. They would cover an appreciation of the political and military factors involved, the position of the United Kingdom in relation to North American defence, responsibility for agreed joint measures as between Canada and the United States (specifically the difficult matter of finance), specific U.S. proposals such as the suggested increase of forces at Goose Bay and the U.S. programme for Arctic weather stations, as well as all other major aspects of the whole problem.

(Letter, Under-Secretary of State for External Affairs, to the U.S. Ambassador, Nov. 1, 1946.)<sup>1</sup>

16. THE MINISTER OF NATIONAL DEFENCE drew attention to the fact that the Chiefs of Staff had concurred in the draft joint appreciation. They had not, however, examined detailed joint plans which were still in course of preparation within the framework of the draft basic security plan which had been explained by the Chiefs of Staff the previous day.

It would be premature for the government to accept the draft basic security plan until the Chiefs of Staff had submitted their comments thereon. Meantime the Chiefs of Staff might be instructed to prepare jointly a purely Canadian appreciation and plan for early consideration by the Cabinet in relation to the government's immediate programme.

17. THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS agreed that the government should not, in any event at this stage, concur in the draft joint appreciation. As the Prime Minister had pointed out, its conclusions were based on complex political as well as strategic considerations. It was necessary to distinguish between what was possible technically in a military way and what was probable from other points of view. The time factor was also difficult to estimate and upon this there was some difference of opinion.

As to specific projects, for example Goose Bay, the U.K. Foreign Secretary had offered the opinion that, from the political point of view, it would be well to proceed as far as possible on a civilian basis. The development of airfields for civil and commercial purposes could be carried a considerable distance and at the same time serve the military purpose.

As to cost, consideration might be given to recent discussions at the United Nations and the principles which were being examined there. In this connection the criterion of comparative per capita cost was being studied and was not irrelevant to the present problem.

18. THE CABINET, after considerable discussion, agreed:

(1) that while general endorsement could be given to the principle of joint defence planning with the United States, the government could not

<sup>1</sup> Document 980.

concur in the draft joint appreciation submitted through the Canadian and U.S. Chiefs of Staff, pending the outcome of forthcoming discussions between the two governments on the diplomatic level; as a result of these discussions it was hoped that a general appreciation, taking account of all relevant factors, would be agreed between the two governments;

(2) that no decision could be taken respecting the U.S. government's proposal to station additional forces at Goose Bay, Labrador, pending the forthcoming discussions with the United States, and pending discussion of this subject with the U.K. government and Newfoundland;

(3) that joint defence planning with the United States should not proceed beyond the present stage, pending the forthcoming discussions and pending agreement between the two governments as to the lines upon which further planning should proceed and joint measures be undertaken;

(4) that the Chiefs of Staff be directed to prepare forthwith a joint defence programme for the immediate future—including a joint appreciation and joint plan, due weight being given therein to:

(a) the course of joint planning with the United States; and,

(b) other relevant factors from the Canadian point of view (e.g. local defence, Commonwealth relationships, possible United Nations obligations).

#### DEFENCE POLICIES; SERVICE PROGRAMMES

19. THE PRIME MINISTER pointed out that the Cabinet, during the past year, had authorized the Services to proceed with plans for the active elements of Navy, Army and Air Force, on the basis of certain manpower "ceilings" and, during the past Session, Parliament had been so informed. Financial estimates for approval of permanent establishments within these manpower figures were at present under consideration.

At the meeting of November 5th the Cabinet had agreed, however, that a general review of peacetime establishments should be undertaken in the light of developments since the earlier decisions had been taken. It was necessary, therefore, to scrutinize carefully the authorized figures for the three Services in order to determine whether a correct proportion existed between the three, particularly in relation to the course of joint planning with the United States in the matter of Arctic defence.

In this connection it appeared that the defence responsibilities of Canada would involve a very high proportion of air strength. Possibly the numbers of men allotted to the Air Force was out of line for this reason.

20. THE MINISTER OF NATIONAL DEFENCE observed that the Army programme involved a trained fighting force of only some 7,000 men. The remaining 18,000 were required for Headquarters and administrative purposes and personnel assigned to train the Reserve Army. These figures would be re-examined and consideration given to their readjustment to meet present circumstances.

It should be borne in mind that the Reserve Army (the former Non-Permanent Active Militia) formed the essential framework of the traditional Canadian defence scheme. It was based upon the assumption of a citizen Army whose fighting would be done abroad to keep the war away from Canada. Possibly some means might be found to effect adjustments in this programme in the light of the new North American requirements.

As to the Navy, it was intended to re-examine the necessity of having the second carrier in the present programme.

21. MR. KING emphasized the importance of having National Defence estimates submitted at the earliest possible date. These should be examined in the light of the joint programme which the Chiefs of Staff were to prepare.

Expenditures for defence would have to be considered carefully in relation to the whole national budget and in particular to the government's social security programme. Large expenditures upon defence would inevitably entail reductions in the amounts available for social purposes.

22. THE CABINET, after discussion, noted that the Army and Navy programme would be re-examined as indicated by the Minister and agreed that, at an early date, the Cabinet would consider National Defence estimates with the joint programme to be submitted by the Chiefs of Staff.

#### DEFENCE POLICIES; ORGANIZATION; MINISTRY; DEFENCE COMMITTEE

23. THE PRIME MINISTER referred to the announcement made some months ago of the intention, at an appropriate time, to organize the Department of National Defence under one Minister. There was no doubt that by this means a greater measure of co-ordination could be achieved between the three Services and substantial administrative economies effected.

It would have been observed that in the United Kingdom, a Minister of Defence had recently been appointed and the Cabinet Defence Committee reorganized with a view to maintaining an effective coordination in strategy and in administration. The question of the place of the Cabinet Defence Committee in Canada was one which should also be reexamined.

Other related questions of great importance were—the desirability of appointing a single Chief of Staff, the position of Parliamentary Assistants, and that of the Deputy Ministers.

24. THE MINISTERS OF NATIONAL DEFENCE both expressed agreement with the Prime Minister's view that a single Minister of National Defence was desirable.

25. THE CABINET, after discussion, agreed that one Minister of National Defence should be appointed<sup>1</sup> and that other questions of defence organization, including that of the Defence Committee, the Chiefs of Staff, Parliamentary Assistants and Deputy Ministers should receive early consideration.

<sup>1</sup> Brooke Claxton fut nommé le ministre de la Défense nationale le 12 décembre.

<sup>1</sup> Brooke Claxton was appointed Minister of National Defence on December 12.

## ESTHONIAN REPUBLIC; RECOGNITION OF INCORPORATION IN U.S.S.R.

26. THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS reported that it was necessary in connection with certain judicial proceedings arising out of the sale of an Esthonian vessel by a Canadian Admiralty Court to reach a decision with respect to the status of the Esthonian Republic. The Republic now formed part of the Union of Soviet Socialist Republics.

The U.K. Government had accepted the Esthonian Republic as the de facto government of Esthonia but had as yet refused de jure recognition. The U.S. government had given no recognition and the U.S. Secretary of State commonly issued certificates to that effect to Courts and to litigants.

As yet the Canadian government had given no recognition to the acquisition of Esthonia by the Soviet Union. This question should now be decided as should that of the procedure to be followed respecting certificates of national status. (External Affairs memorandum, Nov. 14, 1946.†)

27. THE CABINET, after discussion, agreed that Canada should not extend de jure recognition to the Esthonian Republic but should recognize it as the de facto government of Esthonia; also that a reply to that effect should be given on the formulation of an enquiry by a court of law.

## UNITED NATIONS ASSEMBLY; USE OF THE VETO; SOUTH-WEST AFRICA

28. THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS reported on the progress of events at the current meetings of the Assembly.

An immediate question arose as to the attitude to be adopted by the Canadian delegation on the proposals being put forward respecting the use of the veto by the Great Powers. On the one hand, it was felt that the Great Powers, in particular the Soviet Union, had undoubtedly abused the veto provided by the Charter for the protection of their vital interests. To this extent, the delegation agreed with current proposals to limit its employment. On the other hand, it was felt that it was not helpful to raise this issue now. It was hoped that a compromise solution would be accepted which would not have the harmful effects of the more drastic resolution supported by Australia and many of the smaller powers. To this end the delegation had had discussions with the United Kingdom and other Commonwealth countries and it was proposed to express in the Assembly the Canadian view along these lines.

Another difficult question was that of South Africa's expressed intention to annex South-West Africa. While the Canadian government were prepared to accept as correct the information presented by Field Marshal Smuts as the wishes of the local population, nevertheless exception was taken to the method which South Africa was employing. For this reason, the delegation proposed to abstain from voting when the South African proposal came up for decision in the Assembly.

29. MR. ST. LAURENT spoke generally of developments in New York and in particular of the attitude of the Soviet Union in the Assembly and Security Council.

30. THE CABINET, after discussion, noted with approval the Minister's report.

"CITIZENSHIP WEEK"

31. THE SECRETARY OF STATE, at the Prime Minister's request, described the ceremonies planned for the first week in January in connection with the granting of certificates to new citizens under the new legislation.

The purpose of these ceremonies was to impress upon the new Canadians the importance of the privileges and obligations which they were undertaking as citizens. A central ceremony had been planned for Ottawa in which it was hoped the Prime Minister would participate.

32. THE CABINET, after discussion, noted with approval the Minister's report.

ENACTMENT OF A "BILL OF RIGHTS"

33. THE MINISTER OF VETERANS AFFAIRS referred to an undertaking which he had given in the House of Commons at the last Session to have the government give consideration to the enactment of a "Bill of Rights" to guarantee the fundamental rights of all Canadians. This was a question which would have to be decided before the House met again.

34. THE CABINET, after discussion, deferred decision on this question.

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DEA/52-C

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

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

TOP SECRET AND PERSONAL

Ottawa, November 18, 1946

Dear Sir Alexander [Clutterbuck],

I am enclosing herewith a copy of the 35th Recommendation of the Joint Defence Board<sup>1</sup>, to which the Canadian Cabinet gave approval, in principle, last week. The Recommendation lays down the principles of co-operation between Canada and the United States in defence matters, and I was instructed by the Prime Minister to send you a copy for transmission to your Government. Mr. St. Laurent has also taken a copy of the Recommendation to New York, where he will show it to Mr. Bevin.

Mr. St. Laurent has recently had a talk with Mr. Bevin in New York on the general subject of Canadian-United States defence relationships. As a result of that talk, a memorandum was left with Mr. St. Laurent, making suggestions on this matter. A copy of that memorandum is attached.<sup>2</sup>

<sup>1</sup> Voir le Document 973.

<sup>1</sup> See Document 973.

<sup>2</sup> Document 985.

The Cabinet decided, last week, that discussions should now be initiated between the two Governments on the diplomatic level, with a view to going into this whole question. A suitable basis for these talks was agreed on by President Truman and Mr. King during their recent meeting in Washington. It is hoped that they may result in an agreement between the two Governments on this important subject.

I shall, of course, keep you informed of all developments in this matter which will be of interest to the United Kingdom Government.

Yours sincerely,

L. B. PEARSON

991.

DEA/52-C

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

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

TOP SECRET AND PERSONAL

Ottawa, November 18, 1946

Dear Mr. Atherton,

Confirming our telephone conversation of Saturday on forthcoming talks, on the diplomatic level, about defence relationships between our two Governments, it was agreed, at Cabinet discussions last week, that these talks should begin as soon as possible, and it was suggested that they might be held in Ottawa. It was also decided that the "oral message" from the President to the Prime Minister during their recent conversation in Washington might be used as a basis of discussion. In this connection, we agreed on Saturday that we might meet, possibly on Thursday of this week, to work out an agenda, based on that "oral message".

The Cabinet has also decided that if a 35th Recommendation of the Permanent Joint Board on Defence is submitted in the form of the present draft, it would be acceptable to the Canadian Government.

We agreed, on Saturday, that, for obvious reasons, the Board, as such, should not be associated with the forthcoming talks, which will, no doubt, cover subjects outside the terms of reference of the Board. The two Governments will, of course, be quite free to call on any individual members of the Board, as they see fit, to participate in the discussions, on the understanding that these members are responsible officials of the Government concerned, and are acting in that capacity.

We will do our best here to maintain secrecy about these discussions, for we regard this as of first importance. I feel sure that we can count on your full co-operation in this respect.

I would be glad to discuss with you at what hour and at what place we might have our preliminary discussions on Thursday.

Yours sincerely,

L. B. PEARSON

992.

DEA/52-C

*Mémoire du chef, la première direction politique*

*Memorandum by Head, First Political Division*

TOP SECRET

[Ottawa,] November 21, 1946

MEMORANDUM ON THE AGENDA FOR CANADA-UNITED STATES DEFENCE TALKS

The United States "Oral Message" has been accepted by the Under-Secretary in his note of November 1st to the United States Ambassador as "a basis for discussions between the two Governments."

The oral message speaks of "assurances of support from the highest authorities of both Governments" and goes on to say that "such assurances could take the form of concurrence in the appreciation". The oral message, together with the draft joint appreciation would, therefore, be two documents on which discussions might well be based.

It will be recalled that the draft joint appreciation is largely a military document. It has been accepted by the Canadian Chiefs of Staff as "a satisfactory basis for detailed planning", but the Cabinet decided at its meeting on November 15th that "the Government could not concur in the draft joint appreciation submitted through the Canadian and United States Chiefs of Staff pending the outcome of forthcoming discussions between the two Governments on a diplomatic level. As a result of these discussions it was hoped that a general appreciation taking account of all relevant factors would be agreed between the two Governments". The present discussions might, therefore, begin with consideration of the analysis on which the recommendations contained in the draft joint appreciation are based. This discussion would amplify and perhaps modify the draft joint appreciation in the light of political considerations. The following are some of the points which should be examined at this stage of general discussion.

1. An estimate of Soviet intentions (as distinct from Soviet military capabilities). Such an estimate would be based on the political information in the possession of the two Governments.

2. On the assumption that the threat of Soviet aggression exists, the discussion might then turn on the question as to (a) *where* and (b) *when* such aggression might be expected to arise. Under the first of these headings it would be important to raise the general question as to whether the principal threat of war is likely to arise in Europe or whether an "all-out" attack on the North American continent is a probability. It may be that the appreciation

over-estimates the likelihood of such an attack and under-estimates the probability of the United States and Canada becoming involved in a war principally, if not exclusively, waged in Europe. The United States representative on the Permanent Joint Defence Board has stated that offence is still, in the United States view, the best mode of defence. The question might be raised as to the implications of this statement in terms of North American strategic planning.

Under the second heading of *when* aggression might be anticipated, it would be necessary to examine the time factor suggested in the draft joint appreciation in the light of most recent political information. This would, of course, have a direct bearing on the tempo and scale of our defence planning.

In this connection we should welcome more information about the general United States conception of their global strategy.

Such a discussion would lead to consideration of the importance which the United States attach to the position of the United Kingdom, the countries of Western Europe and the Mediterranean and Middle East in the defence of the North American continent.

The further question of the importance of support for the British Commonwealth in the general scheme of North American defence might be expected to arise from this discussion.

The relationship of regional defence planning for North America to our obligations under the United Nations might also be discussed at this stage.

This first phase of the discussions might result in certain agreed conclusions of a general character. In the light of these conclusions the recommendations of the draft joint appreciation should be examined and some modifications may suggest themselves.

If general agreement could be reached on these conclusions the discussion might turn to the more particular questions raised by the United States in their oral message.

#### 1. Financial arrangements;

2. Goose Bay (at this point it is for consideration whether representatives of the United Kingdom and Newfoundland should be brought into the discussion). In this connection it should be necessary to consider whether the Goose Bay project as well as other plans could not be inaugurated under civilian auspices rather than under military auspices. At this or some other point in the discussions it would be necessary to consider the relationship of United States-Canadian defence planning to United States defence planning in Greenland and Alaska;

3. The 35th recommendation of the Permanent Joint Board on Defence. There need not be much discussion on the substance of the recommendation which has already been approved by the United States and Canadian Governments. Discussion would turn on whether publication and registration with the United Nations would be a desirable course at this stage.

In this connection Mr. Hickerson appears to have suggested, in his interview with Mr. Wrong on November 6th, that "the revised 35th recommendation of the P.J.B.D. would constitute the only agreement required on general principles if it were accepted by the two Governments". Presumably, therefore, the United States would not welcome an exchange of notes arising out of the current conversations. It may be that agreed minutes of the meeting initialled by the heads of the two Governments would be in the form in which any agreement arising out of these governments might be incorporated.

993.

DEA/52-C

*Mémorandum du chef, la troisième direction politique**Memorandum by Head, Third Political Division*

TOP SECRET

[Ottawa,] November 26, 1946

## RECORD OF CONCLUSIONS

## INFORMAL CANADA-UNITED STATES MEETING, NOVEMBER 21

An informal meeting was held on November 21 to discuss procedure and agenda for the inter-Governmental discussions on Joint Defence planning which the two Governments had agreed to hold in the near future. Those present were:

## FOR CANADA:

The Under-Secretary of State  
for External Affairs,  
Mr. A. D. P. Heeney,  
Mr. R. M. Macdonnell,  
Mr. C. S. A. Ritchie,  
Mr. E. W. T. Gill.

## FOR THE UNITED STATES:

The Ambassador,  
Mr. Lewis Clark,  
Major General G. V. Henry,  
Mr. J. G. Parsons.

## 1. PROCEDURE AND ORGANIZATION.

(a) It was agreed that the United States would let us know when they would be ready to hold the discussions which would be as soon as possible. On the Canadian side the participants would be much the same as at the present meeting representing the Department of External Affairs and the Privy Council Office, with the possible addition of service advisers. The United States would also be represented along the lines of the present meeting with the possible addition of a further War Department representative to present broad strategic considerations. There was also agreement that it might

be desirable if a member of the Canadian Cabinet could attend the concluding sessions of the discussions. Finally, if agreement is reached, in order to surround that agreement with as much authority as possible, there might later be a meeting between the Prime Minister or the Secretary of State for External Affairs and the Secretary of State or Under-Secretary of the United States.

(b) Joint Secretaries should be appointed and an agreed record of conclusions drawn up and approved.

## 2. AGENDA.

(a) The following items were agreed upon:

(i) Review of Joint Appreciation.

(a) Political considerations.

(b) Military considerations.

(ii) Publicity with regard to Joint Defence projects.

(iii) Recommendation of November 20.<sup>1</sup>

(a) Procedure.

(b) Publication and registration.

(iv) Finance.

(b) If time permitted, any papers which each side might prepare were to be exchanged between the Under-Secretary and the United States Ambassador in advance of the discussions.

## 3. PARTICULAR QUESTIONS.

A number of questions were mentioned on which each government would like to have the considered views of the other, e.g.:

(a) Estimate of Soviet intentions (the United States would welcome a Canadian estimate which was promised).

(b) Reaction of the U.S.S.R. to North American defence measures.

(c) Overall strategic concepts with particular reference to considerations affecting western Europe, the Mediterranean and the Middle East.

(d) Extent to which the earlier requirements of northern defence plans could be met on a civilian basis.

(e) Relation between defence activities in Canada on the one hand and those in Alaska and Greenland on the other.

(f) Possibility of having an exchange of notes recording approval of the Recommendation of November 20; registration with the United Nations; advantages and disadvantages of publicity generally.

(g) Relationship of the United Kingdom to Joint Defence planning with particular reference to Goose Bay.

(h) Possible methods of sharing financial costs.

<sup>1</sup> La trente-cinquième recommandation de la CPCAD, pièce jointe, document 973.

<sup>1</sup> Thirty-fifth Recommendation of the PJBD, Enclosure, Document 973.

#### 4. GOOSE BAY.

At the request of the United States, this question was tentatively omitted from the agenda given in paragraph 2. It was thought that, alternatively, the United States proposals might be discussed at a separate meeting held in conjunction with or after the general talks. Canada would wish to learn United States views with regard to the balance between military advantages and political disadvantages insofar as international relations are concerned, as well as the effect on the Newfoundland domestic situation.

#### 5. GENERAL.

The meeting, which was entirely informal, touched on a wide range of topics. The following notes sum up the more important of these:

##### (a) *Strategic Offensive.*

General Henry gave it as a personal view that the strategic offensive remained the best defence. Should war come within five or six years, he thought that very little of the basic security plan would have to become operative and by far the greater part of Canadian and United States forces would be available for use in theatres outside North America. However, if technological advances continue to be made at the expected rate, it was his view that within about eight years the basic security plan would tie down a large part of the short-range air forces of both countries to the tasks of North American defence. He did not think that this would appreciably affect the ground or naval forces of either country, or their strategic air forces, which would continue to be available for service abroad.

##### (b) *Greenland.*

Mr. Parsons explained that no conversations had yet been held with the Danish Government on the subject of facilities in Greenland. So long as Soviet Forces were in Bornholm it was felt that the time was not right for an approach to the Danes. Recent indications suggested that the latter might not be averse to discussing the problem. In this connection, General Henry pointed out that a successful strategic offensive calls for bases as far from home and as near the enemy as possible. Bases of this sort in Greenland were regarded as most important.

(c) It was agreed that, until the outcome of the Inter-Governmental discussions was known, no new Joint Planning projects should be undertaken, but that work already initiated on annexes to the basic security plan should proceed. It was further agreed that no question arose as to the role of the Permanent Joint Board on Defence which would continue to function as at present.

##### (d) *United States requests for defence projects.*

The United States was advised that it would be in the general interest to examine with some care the timing of any requests for new defence projects in Canada which they might be contemplating.

(e) *Claims to Arctic Territory.*

There was a brief discussion of the attitude that might be taken if attempts were made by the U.S.S.R. to take possession of territory in the Canadian Arctic on the basis that it was unclaimed. The United States may have something to say on this later.

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*Documents de travail en vue des discussions avec les États-Unis**Working Papers for Use in Discussions with the United States*

TOP SECRET

## CONTENTS

1. Background and Purposes.
2. Political Appreciation.
3. Civilian Operations in Support of Defence Projects.†
4. Publication and Registration of November 20 Recommendation.†
5. Sharing of Defence Costs.
6. Position of United Kingdom in Relation to Canada-U.S. Defence Planning.
7. Goose Bay.†

## BACKGROUND AND PURPOSES

TOP SECRET

December 6, 1946

The purposes of the forthcoming discussions, insofar as the Canadian Government is concerned, can be stated briefly as follows:

(1) To consider, on the official level, and without commitment on either side, the political aspects of potential threats to North American security and on the political implications of various steps that might be taken to meet these potential threats.

(2) To obtain the views of the United States as to what military and naval steps, on a global basis, they regard as essential or desirable for the maintenance of security.

(3) To consider whether any inter-Governmental agreement, or other document, is required in which the two Governments might record their decision to co-operate in the defence of North America, and, if so, what should be the form and substance of such agreement.

(4) To enable the officials concerned to make reports to their respective Governments which might be useful in connection with any discussions on a higher political level which might later take place.

POLITICAL APPRECIATION OF THE OBJECTIVES  
OF SOVIET FOREIGN POLICY

TOP SECRET

November 30, 1946

## IMMEDIATE OR SHORT-TERM PROSPECTS OF SOVIET AGGRESSION

On such information as is available to the Canadian Government, it appears most unlikely that the Soviet Union would be in a position to wage another major war in the near future, and for this reason it is highly improbable that the Soviet Government would run the risk of deliberately provoking such a war. As a result of the last war, the Soviet Union has suffered so heavily in terms of a general disorganization of its economy, material destruction and loss of manpower that a breathing space seems clearly indicated as a main objective of Soviet policy. It is not possible to do more than guess at the period of time which will elapse before the Soviet Government consider that they are in a position to wage another major war should they desire to do so. It may be that the completion of each of the three five-year plans now contemplated will be considered necessary before the Soviet Government feel strong enough for such a struggle. On the other hand, there is no doubt that the Soviet Government will spare no efforts to strengthen its economy and build up its war potential (already very powerful) at the earliest possible date.

To this estimate of the short run danger of Soviet aggression, three qualifications should be made.

(a) The possibility of the development and production in large quantities by the U.S.S.R. of atomic bombs or of some new weapon of mass destruction.

(b) The situation that might arise in the event of Stalin's death. It seems unlikely that the transfer of power from Stalin to his successor would affect the power of the Communist party in the U.S.S.R. or change the form of Soviet foreign policy. On the other hand, there is always the possibility that the transfer of such immense political power as Stalin wields may not take place smoothly. Personal ambitions may operate to prevent the orderly transfer of power and to produce a crisis in the Soviet Union. However, in our ignorance of the present relationships, motives and ambitions of the members of the ruling group in the Soviet Union, it would be idle to pursue such a speculation. The preservation of the present regime and the advancement of Soviet interests abroad are likely to govern the policies of the Soviet Government, whoever succeeds Stalin.

(c) There remains the possibility that either some agent of Soviet policy (e.g. a Soviet general commanding troops in an area of friction) or more probably the Government of one of the states forming part of the Soviet bloc (e.g. Yugoslavia) may precipitate a war. It might be that the Soviet Government would be unwilling for reasons of prestige to withdraw from the position to which it had been committed and thus be drawn into warfare at first local in scale but afterwards becoming a world wide struggle.

While this is a possible eventuality, it may be regarded as unlikely. The Soviet Government have not in the past hesitated to disavow either policies or individuals embarrassing to them, nor have they hesitated to retreat into inglorious security when they felt it wise to do so. It seems, therefore, improbable that the U.S.S.R. will become involved in a major war started by any one of the agents of Soviet policy against the will of the Kremlin.

#### THE LONG-TERM THREAT OF SOVIET AGGRESSION

While, therefore, we do not consider there to be imminent danger of Soviet aggression, it must be recognized that there are powerful forces at work which may in the end precipitate the struggle between the Soviet Union and the Western World.

One of these is the idea which is a basic part of Marxist philosophy that an ultimate struggle between communism and capitalism is inevitable and that communism will emerge victorious. It is difficult to say how much the present rulers of Russia are affected by this concept but it is certainly not without influence on Soviet policy. It may be assumed, however, that Soviet foreign policy will be dictated less by ideological considerations than by a realistic estimate of Soviet interests as they are understood in the Kremlin.

At the same time the Soviet Union is a police state in which individual liberties and democratic methods of government, as these are understood in the West, can hardly be said to exist. Between such a state and the Western democracies a fundamental cleavage inevitably exists. This conflict of principle runs deep in all the relations of the Soviet Union with the Western World. Moreover, the insecurity which makes it necessary for the Soviet Government to rule by such methods, also makes it essential that the people of the Soviet Union should not be exposed to the unsettling effects of contact with the Western democracies or their nationals. The Soviet Government, therefore, not only keep their people in ignorance of our conditions of life, but employ unceasing propaganda to instill into the population fear and suspicion of the intentions of the Western democracies. In addition, there will always be a tendency, when things are going badly in the Soviet Union, for the Soviet Government to distract popular attention from their own shortcomings by starting a campaign of abuse and misrepresentation directed against one or other of the Anglo-Saxon democracies. Such methods are obviously dangerous to international peace.

Apart from the desire to further world revolution, the Soviet Government may be led in the direction of war by two other motives. One is the desire for expansion—perhaps for eventual world domination—and the other is fear of a threat to Soviet security by the Western powers.

It is perfectly obvious that the Soviet Union is an expanding power. The Soviet Union has annexed Estonia, Latvia, Lithuania, the Koenigsberg district, Eastern Poland, Carpatho-Ukraine, Northern Bukovina, Bessarabia, Tannu-Tuva, Port Arthur, Karaputo and the Kurile Islands. It has taken the Petsamo and Viborg areas from Finland. It is attempting, with considerable

success, to establish a zone of exclusive Soviet influence beyond these territories, in Poland, the Soviet zone of Germany, Austria, Hungary, Roumania, Bulgaria, Yugoslavia, Albania, Persia, Azerbaijan, the Mongul People's Republic, Northern Korea, Dairen, and the trunk railways of Manchuria. In Czechoslovakia, Soviet influence is strong but not as yet exclusive.

These represent formidable acquisitions of power and influence; and there are no signs that the Soviet Government is willing to set bounds to its appetite for further expansion. There is, perhaps, however, a valid distinction between admitting Russia's expansionist tendencies and attributing to her schemes for world domination, although the distinction may be rather one of method than of eventual objective. It seems unlikely that the Soviet Government is contemplating grandiose schemes for world domination of the kind which fascinated the restless dictators of the thirties. The Soviet rulers have always despised what they term "bourgeois adventurism". The gambling spirit that is willing to take great risks in the hope of immense returns seems to have little appeal for the Soviet Government. On the record of their past policies, it is rather difficult to imagine the rulers of the Soviet Union unleashing at a stroke a world struggle. It seems more probable that the Soviet Government will pursue a course of deliberate and cautious consolidation of positions already acquired together with a process of probing for the weak spots in the adversary's positions. Such a policy might operate on the political, economic or military planes. We have already had ample experience of these methods in negotiation between the Soviet Government and the Western powers. The tactics are familiar—the spun-out negotiation, the bargaining price, the war of nerves, the manipulation of facts for propaganda purposes, the abrupt change of front and the retreats *pour mieux sauter*. These have become the commonplaces of Soviet diplomatic methods.

Behind these tactics, the strategy of the Soviet Government seems to be emerging with increasing clarity. It is to undermine the position of the Western powers, and to weaken and divide them at every opportunity. In pursuit of these aims, the Soviet Government are anxious to prevent the formation of any Western bloc of powers. They strive to separate the United States from the United Kingdom and to isolate the latter in difficulties over some issue in which they hope that the support of the United States may not be forthcoming. Moreover, the Soviet Government, in its role as defender of the oppressed is carrying on propaganda against "imperialist" powers in general and against the British and American democracies in particular. In this capacity, the Soviet Government claims to be the champion of the poorer classes in all countries and of all racial minority groups.

In our estimation it is no longer possible to doubt that the Soviet Government aim at dividing the Western world against itself and increasing discord and instability. Such policies are plainly incompatible with friendship or cooperation as we understand these terms. On the other hand, they could be pursued for a prolonged period by the U.S.S.R. without implying that the Soviet Government intended to precipitate a world war. They may very pos-

sibly be carried to the length of fomenting civil war in certain countries in which the U.S.S.R. would give under-cover support to its adherents (e.g. in China and Greece).

The Soviet Government will inevitably, whatever their own ultimate objectives, be influenced in their policies by the reaction which they encounter from the Western powers. They have a healthy respect for the immense industrial resources of the United States and for its war potential. They are aware of the attraction which western democratic ideas exercise over the minds of peoples all over the world. They are alarmed at the possibility that the socialist experiment may succeed in Britain and that the example of this alternative to Communist revolution might undermine their influence among the industrial working classes of Western Europe. So long as they think the western democracies and in particular the United States and the United Kingdom are strong and united and so long as firm but fair-minded policies are pursued by those powers in dealing with the Soviet Union, the Soviet Government may be disposed to proceed with caution.

If, however, they see signs of weaknesses in the internal economies of the western democracies (or instability in the conduct of their foreign affairs) they may be tempted to follow more aggressive policies. They will certainly seize upon any evidence of appeasement as an encouraging sign of weakness. On the other hand, should they become convinced (perhaps as the result of inaccurate reports from their representatives abroad) that the Western powers have aggressive intentions against the Soviet Union, they might feel impelled to provide in haste for their security by further annexations of territory or infiltration into countries in strategic positions.

In assessing the possibility of war with the Soviet Union, it can be assumed that the United Nations, in its present form, will not provide the effective means of preventing such a struggle. While the United Nations may be competent to prevent minor wars between smaller nations, it cannot under its present Charter effectively curtail the complete freedom of action of a Great Power. It cannot be assumed that the world disarmament plans now under consideration in New York will eventually become realities or that the effective control of atomic energy on a world scale may be instituted. The Canadian Government for its part will certainly do its utmost to work for these objectives through the United Nations. But the existing international machinery cannot be relied upon as a deterrent to aggression by the Soviet Union.

Thus while the threat of immediate aggression seems slight, there is little prospect of sincere cooperation with the Soviet Union. A period of deteriorating relations between the Soviet Union and the Western world is to be anticipated. It is all too probable that this situation may end in war. The best likelihood of averting such a catastrophe would be for the Soviet Government to be convinced of the strength and unity of the western democracies and at the same time persuaded that they have nothing to fear from them. It is possible that they might then postpone indefinitely the accomplishment of their ultimate aims and the world might settle into a period of uneasy peace.

If this analysis is correct, we cannot afford to risk being unprepared in the event of war. The danger that Soviet policies may end in aggression cannot safely be ignored and it becomes essential in self-protection to consider the defensive measures entailed by the possibility of Soviet aggression.

## SHARING OF DEFENCE COSTS

TOP SECRET

December 6, 1946

1. No estimates of the total cost of any Joint Defence plan are available or are likely to be available for some time. It can be taken as certain, however, that if the two Governments agree that a threat to North American security exists and further agree to take steps which would offer some substantial degree of protection against that threat, the costs will be very high. At the present time the sub-committees which are working on the Air Annex are thinking in terms of a plan which, when completed, would run into hundreds of millions of dollars. This, of course, would be spread over a period of years.

2. It is obvious that Canada could not assume the total cost. We should therefore endeavour to work out with the United States a formula which will give adequate recognition to such factors as the following:

(a) The relative capacity to pay of the Canadian and United States people.

(b) The relative benefits to each country which will be afforded by the defence measures undertaken.

(c) The desirability of retaining Canadian control over activities on Canadian territory.

(d) The relation between northern defence costs and total defence costs.

3. If it is obvious that Canada cannot foot the whole bill, it seems equally obvious that the Canadian people would be unwilling to adopt an entirely passive role and leave it up to the United States to establish whatever installations they thought desirable in Canada. Some point between these two extremes must therefore be found. During the last war it eventually (1943-44) became the policy of the Canadian Government to assume financial responsibility for everything deemed to be of permanent value such as airfields, flight strips, buildings and radio stations. It was thought desirable to avoid having any fixed installations in Canada belonging to a foreign government and this extended to the leasing of land. Thus, if the United States desired to lease land for defence projects, the Canadian Government undertook to acquire the land at its own expense and make it available to the United States.

4. If we are to avoid the disadvantages of having foreign bases in Canadian territory, (disadvantages which would be felt by both Canada and the United States) it appears important to continue the policy of providing whatever land and buildings are jointly agreed upon at Canadian expense. To this should be added the cost of providing for Canadian administration and control. This

was not done, of course, during the war but a different set of considerations now applies, and the Recommendation of November 20 provides that military projects should be under the supervision of the country in which they are carried out. These two items of expense will of course be a relatively small fraction of the total bill since the major expenses will be incurred in providing equipment and supplies (particularly electronic devices and aircraft) and services such as air transport.

5. Various formulae for dealing with these expensive items suggest themselves. We could use a yardstick of 17 to 18 to one representing the ratio of the two national incomes. We could divide costs twelve to one on a population basis. We could, perhaps, using one or other of the ratios just mentioned, assign to Canada a certain proportion of the total costs of northern defence, including measures taken in Greenland and Alaska. The difficulty about any numerical ratio is that it may be hard to adapt to individual projects. On some projects it may well be that a fair Canadian share is fifty percent or seventy-five percent or even a hundred percent. The Alaska Highway and the Northwest Staging Route are instances where Canada at the present time is bearing the total cost of what are primarily defence installations. On the Northwest Land-line System it is expected that Canada will bear more than half the cost. On the other hand, there will undoubtedly be projects where a fair division would give the United States the main responsibility. There are difficulties also in the way of lumping together what is being done in Alaska, Canada and Greenland and allotting Canada a certain percentage of the total. This might work if there were any prospect of our dealing with a comprehensive plan which would be improved and implemented as a unit. What is much more likely, however, is that individual projects (such as the Loran stations) will come before the Governments for approval from time to time. Decisions may therefore have to be reached as to how the costs for those individual projects can most fairly be divided.

6. The most practicable way might be to agree that each country would provide the supplies, equipment and personnel and services which originated in its own territory. As applied to a Loran station or a radar establishment, it would work out something like this:

- (a) Canada would supply the site and buildings.
- (b) Canada would provide the administration and housekeeping facilities.
- (c) Canada might supply some or all of the operating personnel.
- (d) The United States would supply the technical equipment.
- (e) Air transport might be shared but as the United States possesses a great deal more than Canada it would be reasonable for them to contribute a preponderant share.

7. Such a plan would avoid payments from one country to another for services and material used in their joint defence, and would make the sharing of costs follow as closely as possible the sharing of the physical burden. If

this were done it would have to be decided from time to time whether Canada would be prepared physically to supply certain services or to manufacture certain equipment.

8. In considering any plan for apportioning costs, the reactions of both the United States Congress and people and of the Canadian Parliament and people must be taken into account. If joint defence plans are to command general approval in the United States, they must contain a respectable Canadian contribution while if they are to command support in Canada, they must be within our means and bear a reasonable proportion to the resources of the United States and their very direct interest in effective North American defence. A programme under which Canada provided fixed installations, general administration, and such equipment and services as are available in Canada (e.g. air photography, preparation of maps, weather stations, personnel and such air transport as is available) might meet these tests as well as anything else that can be devised. It seems clear that whatever formula is adopted, the expensive technical equipment will have to come from the United States.

9. Great care should be shown in accepting any principle or criterion for sharing defence costs without knowing exactly what the application of the principle or criterion will mean in practice.

10. Finally, in any comparison of defence burdens and defence expenditures, it should not be forgotten that the United States is a world power and, as such, must accept the financial implications of the international position it has assumed. Canada, on the other hand, is a small power; is not a principal in policy or performance, and should not be expected to bear a proportion of any collective defence expenditures merely because that proportion would be reasonable if the influence of the two countries on international developments were in equal proportion. In the sharing of defence costs between the United States and Canada, it is for the former a case of *puissance oblige*.

POSITION OF UNITED KINGDOM IN RELATION  
TO CANADA-U.S. DEFENCE PLANNING

TOP SECRET

December 6, 1946

1. There is, of course, no general agreement of any kind between the government of Canada and the government of the United Kingdom which involves military commitments. We have nothing of this nature more formidable than the conclusions of Imperial Conferences respecting consultation and primary responsibility for local defence. On the other hand, each country regards the other as a potential ally in the event of a general war and our day to day conduct reflects this fact.

2. The historical relationship between Canada and the United Kingdom, in war and peace, provides the general basis for close military co-operation between the two countries in many spheres of real practical importance. These include the organization of armed forces on common lines, a large range of common arms and equipment, and the exchange of Service personnel and

military information on an extensive scale. From many points of view the result approaches an unwritten military alliance of a peculiarly intimate kind.

3. In a few instances Canada has specific obligations to the U.K. government in relation to defence. These include.

- (a) reciprocal use of defence facilities such as ports and bases;
- (b) co-ordinating arrangements for the defence of Newfoundland; and
- (c) co-operation in the field of defence science.

4. The closest kind of military co-operation with the United States is a salient characteristic of present U.K. government policy. Since the war U.S. representatives have participated in discussions of defence questions with the United Kingdom and Canada. The Canadian government have accepted as essential from our viewpoint the closest possible collaboration between the United Kingdom and the United States. Recent examples of defence talks in which all three nations have participated are the Commonwealth conference on defence science held in Britain during the summer and the very important "standardization" meetings which took place a short time ago in Washington.

5. While the close relationship between Canada and the United Kingdom in military matters is based, for the most part, on general considerations which it is difficult and even undesirable to define, there is at least one specific sphere of common interest to both, namely, the defence of Newfoundland and Labrador and the protection of the Atlantic approaches to North America. (This is also, of course, a defence interest in common with the United States.) For us this is at the least a feature of local defence; for the United Kingdom it represents maintenance of essential lines of supply.

6. In the recent conversations between the Prime Minister and President Truman, it was agreed that it was to the interest of both the United States and Canada that the U.K. government be kept informed of Canadian-U.S. planning for joint defence of the Continent.

7. The recent conversation of Mr. St. Laurent with Mr. Bevin in New York followed the Prime Minister's talk with Mr. Truman. Mr. St. Laurent invited the U.K. Foreign Secretary's observations and it is evident from the response that the U.K. government have a general interest in relation to defence problems elsewhere, as well as a particular interest in Newfoundland and Labrador.

8. This question was raised at a recent meeting of the Canada-U.S. Permanent Joint Board on Defence. U.S. representatives, apparently, saw no objection to informing the United Kingdom in general terms of what was being done but it was felt that details of the joint plans should be passed on only in those matters in which co-operation with the United Kingdom was essential.

9. It is clearly in the Canadian interest that U.K. authorities be kept currently informed on all aspects of our defence planning with the United States and that, in particular, they should be consulted closely on everything affecting the defence of North-eastern North America. Specifically, Goose Bay and

arrangements for Newfoundland and Labrador will require U.K. concurrence. It is only reasonable that they should be brought into this phase at an early stage.

995.

CH/Vol. 2084

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

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

TELEGRAM 2114

Ottawa, December 7, 1946

IMMEDIATE. TOP SECRET. Your telegram No. 2344 of 6th December† Visits of Naval Vessels.

1. We share your scepticism concerning the value of a meeting with the Secretary of State for Dominion Affairs to discuss this question but the facts are clear. We have worked out with the United States at their initiative the same sort of arrangement that has been accepted by the United Kingdom. Visits of Naval vessels between Canada and the United States will be arranged directly between the Naval Authorities and the Diplomatic Channel will not be used. This is of course simply a continuation of wartime practice. Because of the exceptional secrecy attached to this question by the State Department there has been no exchange of correspondence and the arrangement rests on an oral understanding.

2. The draft thirty-fifth recommendation of the Permanent Joint Board on Defence (now the recommendation of Nov. 20th) includes no specific understandings but would provide general authority for special arrangements of this type. Wartime arrangements with the United States regarding flights of military aircraft continue in force and visits back and forth are arranged by "local notification" without resort to diplomatic channels. Ends.

996.

DEA/52-C

*Mémorandum du chef, la troisième direction politique*

*Memorandum by Head, Third Political Division*

TOP SECRET

[Ottawa,] December 10, 1946

I gave Mr. St. Laurent this morning a set of the working papers prepared for our defence discussions with the United States and I suggested that he consider whether they could profitably be shown to the United States participants before the meetings.

He took the view that it would make for more intelligent discussion if the United States people had an opportunity to look over our papers beforehand, but he thought that we should loan the documents rather than give them. He is anxious to avoid the possibility that these very tentative working papers

should get on files in Washington and be regarded either now or later as expressions of Canadian Government policy. He sees no objection, however, to our loaning the papers to the United States and allowing them to make whatever notes they like, provided all the sets are returned to us.

R. M[ACDONNELL]

997.

DEA/52-C

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

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

TELEGRAM WA-4357

Washington, December 11, 1946

TOP SECRET. Following for Macdonnell from Wrong, Begins: Your letter of December 7th,† enclosing working papers for Defence Discussions. I notice that none of the papers deals with the relationship between our Regional Defence arrangements and obligations under the United Nations Charter. Indeed, the only references to the Charter are concerned with the question of the registration of any Agreements. In view of the emphasis given by the Canadian delegation in New York to the importance of the conclusion of military Agreements under Article 43, and in view also of the frequent statements that Canadian policy is guided by our obligations to the United Nations, it seems to me that this aspect should not be omitted in the discussions with the United States, even if the purpose of inclusion is only to secure a frank statement of the importance, or lack of importance, now attached by the United States to the relevant provisions of the Charter.

2. My own view is that the terms of the Charter should make no difference in our negotiations with the United States. When we reach the time for publicity, however, with the consequent need for clear public explanation, these matters will have to be taken into account, and they should therefore not be overlooked in the course of the conversations. Ends.

998.

DEA/52-C

*Procès-verbal d'une réunion entre des représentants  
du Canada et des États-Unis<sup>1</sup>*

*Minutes of a Meeting between Representatives  
of Canada and the United States<sup>1</sup>*

TOP SECRET

[Ottawa,] December 21, 1946

An informal meeting between representatives of the United States and Canada was held in Ottawa December 16th-17th, 1946, for the purpose of

<sup>1</sup> Le dossier DEA/52-C contient également le procès-verbal préparé par le secrétaire américain.

<sup>1</sup> File DEA/52-C also contains the Minutes prepared by the American Secretary.

discussing political questions arising out of joint Canadian-United States defence planning.

## PRESENT:

## UNITED STATES

The Honourable Ray Atherton, Ambassador of the United States of America  
(U.S. Chairman)  
Mr. Kennan, State Dept., Washington  
Mr. Parsons, State Dept., Washington  
Major General Guy V. Henry, War Dept., Washington  
Rear Admiral Jones, Navy Dept., Washington  
Brigadier General Lincoln, War Dept., Washington  
Captain Anderson, Navy Dept., Washington  
Colonel Van Devanter, War Dept., Washington  
Mr. Dow, U.S. Embassy, Ottawa (U.S. Secretary)

## CANADA

Mr. L. B. Pearson, Under-Secretary of State for External Affairs  
(Canadian Chairman)  
Mr. A. D. P. Heeney, Secretary to the Cabinet  
Mr. R. M. Macdonnell, Dept. of External Affairs  
Commodore H. G. De Wolf, Dept. of National Defence for Naval Services  
Major General C. C. Mann, Dept. of National Defence  
Air Vice-Marshal W. A. Curtis, Dept. of National Defence for Air  
Mr. E. W. T. Gill, Privy Council Office (Canadian Secretary)

1. MR. PEARSON welcomed the United States representatives and explained briefly the purposes which these talks were designed to serve.

The Joint Appreciation and Basic Security Plan which had been agreed by the Chiefs of Staff of both countries had been submitted to the two governments. While the Canadian government had not taken any decision in connection with these documents, they had been impressed with the extreme importance of the political considerations involved and felt it desirable that discussions should be held with the United States on the official and later possibly on the political level before further consideration was given joint defence plans. These official discussions were, of course, non-committal and exploratory.

Specifically, the Canadian authorities were interested:

(a) in considering the political aspects of potential threats to North American security and the political implications of measures that might be taken to meet such threats;

(b) in securing the views of the United States as to the relationship between continental defence and global strategy; and

(c) in discussing whether any decision of the two governments to co-operate in defence matters should form the subject of an inter-governmental Agreement; if so, what form and substance it should take, and what publicity, if any, might be given to it.

A number of unofficial working papers had been prepared and made available to assist discussion.

2. MR. ATHERTON said that the United States representatives would attempt to give as accurate a picture as possible of the United States point of view in these matters. The problems which faced the two governments in co-operating for the security of North America were serious ones. In his view, "possible" as well as "probable" action on the part of a potential aggressor should be taken into account and the timing of any defensive measures was of great importance. He recalled that the chief reason for inaction by the United Kingdom and United States in the years preceding the last war was the fear of unfavourable international reaction to firm measures and he hoped that this same fear would not exert undue influence now.

#### POLITICAL APPRECIATION OF THE OBJECTIVES OF SOVIET FOREIGN POLICY

3. THE CANADIAN CHAIRMAN said that some preliminary views on this subject had been set forth in a memorandum prepared by Canadian officials. This estimated that, subject to certain qualifications, there was only slight risk of aggression on the part of any potential enemy, such as the Soviet Union, in the near future. It was to be expected, however, that the U.S.S.R. would spare no efforts to strengthen its economy and build up its war potential. As an expanding power its policies were aimed at dividing the western democracies and one could not disregard the danger that these policies might lead, through a miscalculation in the near future or through a deliberate move in the long term, to war. Prudence demanded, therefore, that the democratic countries make preparations for their security since, if war threatened, the United Nations as presently organized would be ineffective in maintaining peace.

4. MR. KENNAN expressed himself as being in general agreement with the conclusions of the Canadian memorandum.

It was important to realize the basic aggressiveness of the Soviet programme though one need not be too pessimistic about the ability of the democratic countries to exert some influence on this programme. We should, therefore, strive to limit their expansive programme to "non-provocative" advances, and to prevent them attaining by aggressive policies those things it was essential to deny them.

It should be remembered also that in the U.S.S.R., decisions were made by the Communist Party and not by the government. Some influences in the party were known to favour a more moderate foreign policy than others. The problem of the democracies was to be sufficiently firm to provide encouragement for the moderate element (who would be encouraged by strength, not weakness) and at the same time give the more anti-western group no unnecessary opportunity to charge that the foreign policies of the democracies were aggressive and provocative.

Defensive weapons in the Arctic were a logical security development and the U.S.S.R. would expect precautions of this nature to be taken. These should, however, be carried out in such a way as to minimize the possibilities of their being exploited as a threat to peace. They should be treated as co-operative arrangements of a continuing nature and not as indicating a new policy.

5. MR. HEENEY remarked that the Canadian government were not satisfied that there was not bound to be some element of provocation in the overt planning of joint defence measures in the Arctic. Any political disadvantage on this score had to be balanced against the deterrent element in the policy of firmness which had been referred to and, of course, the accepted requirements from the military point of view. In any event the government felt that it was desirable to have preliminary defensive measures carried on under civilian auspices so far as practicable.

6. CONCLUSION. It was the general feeling that there was no substantial difference between the viewpoint of the U.S. and Canadian representatives as to the objectives of the Soviet Union and as to the effect upon the Soviet foreign policy of undertaking joint Canadian-U.S. defence measures.

#### RELATIONSHIP OF NORTH AMERICAN DEFENCE TO GLOBAL STRATEGY

7. THE CANADIAN CHAIRMAN sought the views of the United States side on the relationship of North American defence to their general strategic planning.

It was of great importance to Canada to have some knowledge of the essential features of the wider picture in making her own plans for co-operation in continental defence.

8. GENERAL LINCOLN stressed the uncertainties of peacetime military planning as compared with wartime planning. In the "fog of peace" political and economic factors exerted much greater influences than in the "fog of war". Peacetime planning had a dual purpose—to prevent war by acting as a deterrent to aggression and to make victory attainable if war should come.

In attempting to estimate probable dangers it seemed reasonably clear that the Soviet intentions were to expand either territorially or ideologically. These intentions must be countered by maintaining the war-making capacity of North America and thereby permitting, in the event of war, offensive action which would have a reasonable chance of breaking down the Soviet position.

Present planning was directed towards the first of these general objectives; i.e., maintaining the war-making capacity of North America—this might be described as "military posture". If the "military posture" of North America was strong, it would act as a deterrent to war and would add strength to the United Kingdom and the democracies of western Europe in their adherence to firm foreign policies.

While it was not possible to say where a war would break out or at what stage in the struggle the United States would become involved, one of the

first strategic principles was to ensure the security of the vital home base, and defensive measures in North America were directed to this end.

For psychological and strategic reasons there could be little or no North American participation in fighting overseas or in a large scale offensive outside the continent unless security, which of course would not be 100%, was provided.

In planning it was not feasible to consider offense separately from defence—a more appropriate distinction would be “inside North America” and “outside North America”. In the event of war a strategic air offensive might be undertaken in the early stages and, in such an event, we would have to accept calculated risks in defence and to expect losses in the offensive.

9. GENERAL HENRY commented on the difficulty in attempting to estimate how Canadian and United States military effort should be divided between North American defence and military action outside North America. It seemed reasonable, however, to say that if war came within the next five or six years a relatively small percentage would be tied down to North America but this proportion would tend to increase thereafter, particularly as regards the air forces.

10. REPRESENTATIVES OF THE U.S. STATE DEPARTMENT, in discussing the relationship of United States foreign policy to the problem under discussion, gave assurance that geographical limits or “stop lines” to Russian expansionist policy had in fact been set with the full realization of the implications involved. Two examples of a “crystallization” of U.S. policy along these lines would be found in recent events abroad.

“Stop lines” should, however, not be considered merely geographically but also in an ethical sense.

11. THE CANADIAN CHAIRMAN expressed appreciation for the frankness with which the U.S. side had discussed these questions and hoped that Canada would in future be kept informed on those aspects of U.S. planning in the wider field of global strategy which particularly affected North American defence plans.

12. CONCLUSION. The views of the U.S. representatives on these questions were noted.

#### JOINT CANADIAN-UNITED STATES DEFENCE PLANNING

13. REPRESENTATIVES OF THE U.S. WAR DEPARTMENT, referring to the discussion on strategic questions, pointed out that the following factors had been kept in mind when drafting the joint Basic Security Plan:

(a) defensive measures, if kept ahead of enemy capabilities, would act as a deterrent to aggressiveness;

(b) considerable time was required for the establishment of some of the static defence facilities;

(c) the importance of offensive action was fully realized and the plan was drawn up to give maximum use of facilities for offensive purposes; and,

(d) the Appreciation and Plan were subject to periodic review.

The Military Co-operation Committee at their recent meeting had recommended that the U.S. and Canadian authorities in considering these planning reports should make a sharp distinction between the Basic Security Plan (and annexes) and implementation programmes. The former, it was thought, should be considered as a purely military plan which did not commit either government to any specific action. Implementation programmes, on the other hand, were intended to serve as a basis for definite action and each progressive stage would be a matter for government decision in the light of the world situation at the time.

14. MR. HEENEY observed that in his view the Canadian government were unlikely to regard the Appreciation as a document for actual acceptance (or rejection) by the Cabinet. Rather, the government's decisions on joint defence questions would likely be taken as and when implementation programmes were put before them from time to time.

15. CONCLUSION. The meeting took note of these remarks.

#### CIVILIAN OPERATIONS IN SUPPORT OF DEFENCE PROJECTS

16. THE CANADIAN CHAIRMAN asked the meeting to consider to what extent preliminary defence measures in Northern Canada could be carried out under civilian auspices.

In the Canadian view there was a good deal to be said for following such a policy in the early stages and among the activities which suggested themselves as being susceptible of this treatment the following were cited—mapping and photography; weather station programme; Loran programme; operation and extension or construction of airfields.

17. UNITED STATES REPRESENTATIVES regarded the problem as a purely Canadian one and, while it might tend to complicate U.S. participation in joint undertakings, they thought that certain measures, particularly those to which priority was attached, might be undertaken on a civilian basis, and the U.S. authorities would do what they could to meet Canadian wishes in this matter.

With reference to current planning there were some immediate measures on which proposals had been made or would shortly be put forward. These included:

(a) projects related specifically to the Air Defence Plan such as—(1) research on air warning equipment; (2) a survey of certain sites for airfields; (3) maintenance on a caretaker basis of certain airfields which might otherwise be abandoned; (4) training of personnel for air defence duties;

(b) projects related to general planning such as—(1) mapping programme; (2) weather coverage; (3) Loran programme; (4) joint tests at Churchill.

Of these various immediate measures, certain ones, such as research and training, would not be undertaken in the North and presumably did not fall into the category of those which might be civilian in character. Others, such as survey and maintenance of airfields and weather stations, might be treated as primarily civilian.

18. CONCLUSION. It was generally agreed that there might be advantages to carrying out certain of the earlier parts of the projected programme under civilian auspices, and wherever this was practicable the United States would co-operate to that end.

#### JOINT DEFENCE PLANNING; FINANCIAL ARRANGEMENTS

19. THE CANADIAN CHAIRMAN asked the meeting to consider the possibility of working out an agreed set of principles for determining the proportion of the cost of joint defence projects which should be borne by each country.

While the Canadian side had no specific proposals to put forward on this important aspect of defence planning, they had, however, in their memorandum on the subject, suggested how the problem might be approached.

It might, for instance, be desirable to follow a policy whereby the Canadian government would provide, at their expense, land and buildings required in Canadian territory for joint defence purposes with the U.S. providing the equipment.

20. CONCLUSION. The meeting concluded:

(a) that it would be premature at this stage to draw up principles which could be recommended for general application in the allocation of cost of joint defence projects undertaken in Canada;

(b) that, as an alternative, annual programmes submitted in implementation of any agreed joint plans should be examined jointly by the appropriate financial authorities of each country who should make joint recommendations on the allocation of cost to both governments; and

(c) that for this purpose the two governments should consider the establishment of a standing committee.

#### P.J.B.D. RECOMMENDATION OF NOVEMBER 20TH; PUBLICATION AND REGISTRATION WITH UNITED NATIONS ORGANIZATION

21. THE CANADIAN SIDE raised the question of publishing the P.J.B.D. Recommendation of November 20th.

In the Canadian view, a statement of some sort was to be desired as it was inevitable that in the forthcoming session of Parliament the government would be called upon to say something on defence arrangements with the United States. Apart from this, there had been considerable publicity in connection with Arctic defence, some of which was sensational and inaccurate, and a statement would do much to correct any wrong impressions that might have been created.

Several alternatives were open to the governments if they should decide to make an announcement. The Recommendation itself could be published, or some statement describing in general terms the principles of co-operation included in the Recommendation but not adhering to the text. In any event care should be exercised to avoid giving the impression that the arrangements in-

dicated the adoption of a new policy, and it was also important to relate the arrangements to the United Nations. Also, it might be deemed desirable in Canada to add something on Canada's future co-operation with other British Commonwealth countries.

A related question was whether or not acceptance of the Board's Recommendation by the two governments constituted an International Agreement within the meaning of Article 102 of the U.N. Charter. In this connection, the question of its registration with the United Nations should be considered.

There was the further question of whether acceptance of the Board's Recommendation by the two countries should be followed by an exchange of notes or acknowledged by some more formal means than had been the case for previous recommendations of the Board.

22. THE U.S. SIDE felt that the reasons advanced by the Canadians for publication of the Recommendation or for announcements in agreed terms were sound, although the view had been held in the State Department that any public statement was unnecessary.

They favoured a statement of a general nature related to the Ogdensburg Declaration and United Nations obligations and emphasizing the fact that present arrangements were a natural continuation of wartime co-operation. Such a statement might be communicated for information to the United Nations although it should be made clear that there was no legal obligation to do so under the Charter.

23. CONCLUSION. The meeting were in general agreement:

(a) that publicity of some kind would have to be given to the arrangements embodied in the Recommendation of November 20th;

(b) that this might appropriately take the form of an agreed statement which would contain the substance of (but not quote) the P.J.B.D. Recommendation and which would make suitable reference to the relationship of these arrangements to the Ogdensburg Declaration and obligations under the United Nations;

(c) that such statement should not be registered with the United Nations but might be communicated to the Secretary General for information; and,

(d) that the governments' acceptance of the Board's Recommendation of November 20th should be in the manner normally followed by the two governments in approving Recommendations of the Joint Board.

#### POSITION OF THE UNITED KINGDOM IN RELATION TO CANADA-UNITED STATES DEFENCE

24. MR. PEARSON drew attention to the desirability of keeping the U.K. authorities informed of relevant aspects of joint Canadian-United States planning. Indeed, it was necessary to consult them on questions arising from the planning which affected Newfoundland territory.

Following the Prime Minister's recent conversation with President Truman, the subject had been discussed by the Permanent Joint Board on Defence. The U.S. representatives had seen no objections to informing the United Kingdom in general terms of what was being done, but they had felt that details of the joint planning should be communicated to U.K. authorities only after final decisions had been reached or in respect of those matters in which co-operation with the United Kingdom was essential.

25. CONCLUSION. The meeting took the view that any formal agreement on a matter of this kind was undesirable and concluded that the policy outlined in the journal of the November 19th-20th meeting of the Joint Board provided a suitable basis for further action.

#### GOOSE BAY; U.S. PROPOSAL TO SECURE MILITARY RIGHTS OF AIRBASE

26. COLONEL VAN DEVANTER read a United States memorandum on the strategic importance of Goose Bay and proposing that the United States be granted military rights for the peacetime utilization of the airbase.

Current U.S. planning had indicated the need for outlying bases some distance from the vital areas and in the probable route of approach of any air attacks that might be mounted against this continent. Goose Bay, because of logistical and other considerations, was probably the most strategically important base on the continent and its development for Very Heavy Bombardment operations was an important element in the plans to provide for the security of North America. The United States hoped that an early decision could be reached on this question.

27. CANADIAN REPRESENTATIVES pointed out that Canadian rights at this base had been secured by long term lease from the Newfoundland government, and the rights which the United States now sought would require the concurrence of the Newfoundland and (by virtue of its present political status) the U.K. governments.

Owing to the uncertainty regarding the constitutional position of Newfoundland, the present was regarded as an unfavourable time to open the question, but it might be useful to have a preliminary conversation with the United Kingdom High Commissioner on the subject.

If the concurrence of the U.K. and Newfoundland governments was forthcoming, it might be desirable for Canada to be conceded certain reciprocal rights at United States bases in Newfoundland so that the arrangements could be regarded as an exchange of rights. If the training side of the undertaking could be emphasized, this might also be helpful in concluding the arrangements sought by the U.S.

28. CONCLUSION. It was agreed that the U.S. proposals to secure military rights at Goose Bay should be discussed informally with the United Kingdom High Commissioner in Canada and that U.S. and Canadian representatives would meet with him later in the day for this purpose.

E. W. T. GILL

999.

DEA/52-C

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

TOP SECRET

[Ottawa,] December 26, 1946

I am sending you, herewith, a memorandum on the talks which were held some days ago between officials of the United States and Canadian Governments on joint defence questions. Also a record of the conclusions reached in those talks. The meeting was, of course, informal and non-committal, and on the purely official level, but I think it served a useful purpose in giving those concerned on that level an opportunity to exchange views. I am sending a copy of these documents to Mr. St. Laurent and to Mr. Claxton, as representatives of his Department attended the talks.

You will note that reference is made in my memorandum to certain working papers which were prepared for the use of the Canadian officials. I am also sending you a copy of these papers. These working papers were sent to the Canadian officials concerned.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

TOP SECRET

[Ottawa,] December 23, 1946

## DEFENCE DISCUSSIONS WITH THE UNITED STATES

1. In accordance with instructions from the Cabinet, discussions were held with a delegation from the United States on December 16 and 17 in Ottawa on the subject of Joint Defence planning. I attach a record of these talks which was prepared by the Canadian delegation; it has been discussed with the United States Embassy who agree that it represents an accurate account of the topics covered in the talks. By way of supplementary comment you may find the following notes to be of some value.

2. The United States delegation made a very good impression. They were well informed, reasonable and moderate in their approach to the problems discussed. There was no effort on their part to over-emphasize dangers or underline necessities. They gave a well-balanced and carefully worked out statement of the facts as they appeared to them, and allowed us to draw our own conclusions.

3. The most frank and cordial atmosphere prevailed throughout. There was no attempt on the part of the United States representatives to present demands or to insist on certain things being done—an attitude that has some-

times been ascribed to them in speeches and articles. Happily, it is some years since there has been any table-pounding in defence discussions between the two countries. It would be fair to say that while the United States representatives were naturally anxious to see the principles of a joint defence programme agreed, and the programme itself initiated, they were fully aware of the political and practical difficulties for Canada in embarking on any such programme. They recognized that because we are a much smaller country than the United States and because most of whatever is done will take place on our own territory, it is harder for Canada to reach decisions in these matters than for the United States. The examination given to each problem was frank and thorough and few differences in viewpoint appeared as to the steps which should be recommended. General Lincoln who had not previously taken part in any Canada-United States meetings privately told the United States Ambassador afterwards that these talks had been a revelation to him of profitable and constructive discussion.

4. It was made quite clear to the United States representatives from the beginning that these talks were purely exploratory on the official level and that no commitment implied or expressed would result from anything that was said. Our sole object was to have an exchange of views which might put each delegation in a better position to advise their Government of what action, if any, was required in respect of the matters under discussion.

##### 5. SOVIET FOREIGN POLICY

The meeting was fortunate in having present Mr. George Kennan of the State Department, one of their leading experts on the U.S.S.R., whose knowledge is extensive and whose judgments give the impression of being carefully considered, sensible and to the point. He holds in high regard the views of the Canadian Ambassador in Moscow, Mr. Wilgress, and it is clear that these two observers are agreed on most important points with regard to Soviet policy. There was general agreement with Mr. Kennan's view that if the western democracies demonstrate a reasonable degree of firmness and military strength, there is no need to be too pessimistic about the future. Without such firmness and strength one could only anticipate continued Soviet expansion which might well lead eventually to a world war. The Soviet Union, however, can be "contained" by non-provocative defence measures and by diplomacy based on firmness and fairness. This would strengthen the hands of those elements in the politburo which want an understanding with the West. Weakness on our part would merely weaken the hands of this group since it would only encourage the messianic zeal of the more doctrinaire communists and the more aggressive nationalists. The only arguments which the moderates can use successfully are that the West is strong and that its policies are supported by that strength. If they are given these arguments there is some chance that these moderates can discredit their more ardently expansionist comrades and bring about a long period of peace. It is important, of course, that western strength should be clearly non-provocative and

non-aggressive and that whatever steps are taken to maintain it should be treated unsensationally, as normal and matter-of-fact developments.

#### 6. UNITED STATES STRATEGIC CONCEPTS

It is worth noting that in these defence discussions the representatives of the United States emphasized that their main objective in any future war would be to develop the maximum fire power at the greatest effective distance away from North America. They do not wish to be regarded as unduly "continental-defence-minded". They believe that the strategic offensive remains the best defence. But since such a strategic offensive cannot be undertaken unless the home base and its productive capacities are secured, it is of vital importance that this should be done. Twice in our lifetime the aggressor would have succeeded if that "home base" had not remained inviolable.

It was also brought out in these talks, however, that the United States does not favour the enormous diversion of resources that would be needed to provide one hundred percent protection for North America. They feel that we will have to accept calculated risks and that in the event of war this continent will suffer damage. What is required, therefore, is a defence which will convince public opinion that there is a reasonable degree of home protection, without tying up so much in the way of resources that the enemy cannot be defeated abroad.

General Henry, in an attempt to strike a balance between defensive and offensive requirements, gave his views in the following terms. He appreciated the importance to the Canadian Government and people of deciding whether Canada could plan effectively for continental defence and still have forces available to fight overseas. It was his opinion that in any war which might develop in five or six years, the threat to the physical security of North America would be so slight as to necessitate the tying down of relatively few of Canada's forces. It should therefore be possible to use almost all of these in any way desired by the people and Government of Canada. After five or six years, because of technological developments, we could expect a greater threat to North American security, to insure against which would call for a higher proportion of total Canadian resources, primarily air forces.

There was a certain hesitation on the part of the United States Service representatives on the first day of the talks over any mention of the details of their strategic planning. We, however, made quite clear that we were not asking for such details. We were only interested in the principles on which their planning was based. On the Tuesday, however, they volunteered some very important information. We had been talking on the previous day about "stop lines" beyond which the United States could not allow the U.S.S.R. to advance. On the next day, General Lincoln made it clear that the stand taken by the United States delegation at diplomatic conferences in the last six months gave a very clear indication of where that "stop line" was; that it moved through the centre of Germany to Trieste, and from there through Greece to the Dardanelles. The United States, however, made a very sensible distinction

between a geographic and an ethical stop line; in other words, it was not merely a question of an advance of the U.S.S.R. beyond a certain line so much as whether this advance was made with the genuine consent to the people concerned or aggressively and against their wishes. A concrete example would be Trieste. If the people of that city of their own free will decided to attach themselves to the Yugoslav Federation there could not be any objection on anybody's part. It would be quite another matter, however, if that change took place by aggressive action against the will of the people.

In discussing this matter, we made it quite clear to the American representatives that in expressing our interest in this matter we were not influenced merely by idle curiosity. As our relationship to the United States was so close and becoming closer through force of circumstances; and as it would be difficult, if not impossible, for Canada to avoid becoming involved in any major conflict in which the United States participated, naturally we wish to be made aware of the circumstances which would involve that country in war.

#### 7. NATURE OF DEFENCE PLANNING

There was general agreement as to the nature of defence planning. Rigidity must be avoided and flexibility preserved. No plan, however excellent, could be approved by governments in the sense that commitments for any distant future could be made. All defence plans must be regarded as somewhat utopian and as goals to be attained in the event of emergency. Their degree of implementation has to be decided step by step and the rate of implementation must be under constant review so that it can be accelerated or slowed down in the light of international developments. A firm distinction must therefore be drawn between governmental acceptance of a plan as a goal towards which to work and the governmental decisions that will have to be taken as to whether certain aspects of the plan should be put into effect at any given time. The governments thus retain complete freedom to say at what rate the plan should be translated into action.

#### 8. PUBLICITY

There was probably a greater initial difference of opinion on the question of publicity between Canadian and United States representatives than on any other topic. The State Department was obviously inclined to the view that any public reference to the Recommendation of November 20 was unnecessary and undesirable. Indeed, the opinion was expressed that the only document which required publication was the Ogdensburg Declaration of 1940 which set up the Permanent Joint Board on Defence. The Canadian representatives succeeded in convincing the United States representatives that because of the interest that had been displayed by the public in northern defence problems, it would be impossible to avoid some sort of statement at the forthcoming Session of Parliament. This being so, it seemed desirable to make public the substance of the Recommendation since, if this were not done, there would be no satisfactory answer to the inevitable question—"What arrangements have

been entered into with the United States?" There was a fairly protracted discussion of the arguments pro and con publication but in the end, as the record of conclusions shows, it was agreed that we should recommend to our governments that parallel announcements should be made in Ottawa and Washington which would give the substance but not the text of the Recommendation of November 20. It was also the view of all present that these statements should avoid sensationalism or anything savouring of the provocative, and should be as matter-of-fact as possible.

9. I feel that these talks were most satisfactory and that the officials on both sides have now a better appreciation of the questions discussed.

## SECTION D

## PERSONNEL MILITAIRE/MILITARY PERSONNEL

1000.

DEA/1539-B-40

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 193

Washington, January 23, 1946

Sir,

I have the honour to refer to the subject of apprehension in the United States of deserters from the Canadian armed forces, and their return to Canada.

2. The Air Attaché, on instructions from Air Force Headquarters, which were in turn received from the United Kingdom Air Liaison Mission, requested the United States military authorities to apprehend and return to Canada one LAC Banazkiewicz L P706284, a deserter from the RAF in Canada. The case was very involved in that this airman had been in the United States for some time, and had obtained from the Department of Immigration permission to remain in the country. This permission has expired, but he has already made an application for extension of the period he may remain in the United States. As a result, the Army authorities, although they arrested the airman, went into the matter further and came to the conclusion that they could not properly hold him or return him to Canada under the circumstances.

3. This particular case has directed the attention of the American authorities to the general practice of returning deserters without reference to, or use of Immigration Department authority and channels. We have some reason to believe that the current practice, which has been working satisfactorily the past few years under an informal arrangement with the War Department, and which is set out in War Department Circular No. 258 of June 24, 1944, may possibly be suspended. Such suspension would be on the ground that the exigencies of the war, which justified the procedure, are no longer

applicable and, from a strictly legal point of view, there is no question that the procedure cannot be supported. However, from the point of view of convenience to both the Canadian Services and the Immigration Department of the United States, the longer the present procedure is kept in force, the better, as it ensures the return of Canadian deserters much more promptly than would be the case if they were deported under Immigration procedure. An additional factor of interest to Canada is that of expense. The Canadian authorities, I believe, are responsible in the first instance for the cost of apprehension and transportation, as well as interim board and lodging. Should it be necessary in each case to go through deportation proceedings, some time would elapse and the expenses for board and lodging would increase appreciably.

4. I understand that an exchange of notes on the question of return of deserters took place with the United States authorities during the Fall of 1945, and I would like to mention that neither the Embassy nor the Service Attachés have received copies of these notes. I am therefore not in a position to state whether the expected cancellation of the present procedure would, or would not be permissible under the agreement reached by the exchange of notes, and I would appreciate copies of the notes to complete my files.\*

5. I do not propose to approach the American authorities on this matter, feeling that it would be more advisable to let them make the first representations. However, I would appreciate receiving in advance your authority to discuss the matter of return of deserters generally with the American authorities as and when the question arises. In the interval you may think it advisable to inform the three Services of the possibility of a change in the present arrangements.

I have etc.

THOMAS A. STONE  
for the Ambassador

1001.

DEA/1539-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*

DESPATCH 114

Ottawa, January 31, 1946

Sir,

I wish to acknowledge your despatch No. 193 of January 23rd concerning the apprehension in the United States of deserters from the Canadian armed forces.

\* With respect to the notes requested, I now refer to your despatch No. 52 of January 19, 1946,† forwarding Treaty Series 1945, Supplement No. 10, containing an exchange of notes between the United States of America and Canada concerning deserters from the Armed Forces, and dated June 13 and October 26, 1945 respectively.

The three Services have been informed of your belief that the current practice, under which the United States army apprehends Canadian deserters and turns them over to the Canadian armed forces, may possibly be suspended. The comments of the Services have been requested.

Since the initiative in the matter of the exchange of Notes of June 13th and October 26th, 1945, was taken by the United States War Department, we believe it desirable that the initiative in proposing any changes in current practice should be left to the United States authorities. You are accordingly authorized to discuss the question if it is raised by the United States authorities, but it is not desired that the Embassy make any approaches in the matter.

Since the exchange of Notes provides that the military authorities of the two countries shall co-operate to the full extent provided by existing laws and regulations, it would be possible to depart from the existing practice without violating the agreement on the ground that current laws and regulations no longer provided for the apprehension of deserters from the other country. Until the views of the Services are obtained, it is not possible to be specific on this point but it seems altogether likely that if the United States military authorities could no longer pick up Canadian deserters, the Canadian Services would wish to terminate their responsibility for apprehending United States deserters. During the period from June 13th, when the United States Note was sent to us, to October 26th, when the Canadian reply was sent (the interval was required to obtain the necessary Order-in-Council) the United States Embassy here displayed considerable interest in the subject and sent a number of informal reminders to the Department. Therefore, until October of last year at least, the War Department was evidently anxious to have United States deserters in Canada apprehended by the Canadian Services. Although the situation may have changed since that time, this information is provided for your guidance in case the subject should be raised by the United States authorities.

I have etc.

R. M. MACDONNELL  
for the Secretary of State  
for External Affairs

1002.

CEW/Vol. 2153

*Le représentant principal de l'armée américaine, CPCAD,  
au secrétaire, la section canadienne, CPCAD*

*Senior United States Army Member, PJBD,  
to Secretary, Canadian Section, PJBD*

SECRET

Washington, February 7, 1946

Dear Mr. Macdonnell,

At the meeting of the PJB 7-8 November, 1945, the Canadian Service Members stated that as a practical measure of continuing collaboration and to

assist in coordinating the Armed Forces of the United States and Canada, the Canadian Chiefs of Staff recommended that the practice of interchange of Canadian-United States officers within selected positions should be developed.

The Board agreed with this and the United States Navy and Army members undertook to seek the approval of their Chiefs of Staff to this proposal. I am pleased to inform you that the Joint Chiefs of Staff have indicated that they consider the interchange of Canadian and United States officers within selected positions in their respective services is desirable as a practical measure of continuing collaboration and to assist in coordinating the armed forces of the two nations. The Joint Chiefs of Staff suggested that details of the interchange, such as number of officers and selection of positions, be arranged between the military services concerned.

As the arrangement of the details has been left to the military services concerned, the Secretary of War has directed the undersigned to handle the matter in this case as far as the War Department is concerned. I am therefore taking the matter up direct with General Letson and Air Vice-Marshal Curtis, the Senior Canadian Army and Air Force Representatives on the Permanent Joint Board.

It is believed that you will receive from the Senior U.S. Navy Member a similar communication in the near future.

Very truly yours,

GUY V. HENRY  
Major General

1003.

DND/193.009 (D53) CGS Vol. 51 1946

*Mémoire du sous-chef de l'état-major général (A)  
au chef de l'état-major général*

*Memorandum from Deputy Chief of the General Staff (A)  
to Chief of the General Staff*

CONFIDENTIAL

[Ottawa,] February 18, 1946

INTERCHANGE OF OFF[ICE]RS WITH U.S. ARMY

1. CSC (26 Oct 45) agreed in principle to the adoption of a policy designed to extend the interchange of officers with the U.S. and the implementation of this policy be a matter for action by each service.

2. U.S. Joint Chiefs of Staff have now indicated that they consider the interchange of Canadian and U.S. officers within selected positions in their respective service is desirable as a practical measure of continuing collaboration and to assist in coordinating the armed forces of the two nations. The Joint Chiefs of Staff suggested the details of the interchange, such as numbers of officers and selections and positions, be arranged between the military services concerned.

3. The Permanent Joint Defence Board (8 Nov 45) agreed that the continuance of the exchange of officers between the U.S. and Canadian Army, Navy and Air Force was desirable and the selection of positions to be interchanged should be left to the Chiefs of Staff concerned.

4. Insofar as the Army is concerned, it is considered that the following policy should apply in the development of arrangements for interchange:

(a) The object of the interchange policy is to achieve a better understanding and knowledge of each other's armed forces so as to ensure increasing coordination between the respective forces. It is particularly desirable that the field of common knowledge be expanded in respect of equipment, staff procedure, organization, training doctrine and tactical employment of troops.

(b) The Canadian Army desires to maintain liaison officers in U.S.A. to cover four basic fields:

- (i) Research and development of equipment;
- (ii) U.S.W.D.<sup>1</sup> General Staff practice and procedure;
- (iii) Training and tactical doctrine;
- (iv) Intelligence.

(c) As a working basis there should be one Canadian officer of the average rank of Major from each arm, major service and equipment development directorate stationed at the appropriate camp or development centre in U.S.A. These officers would, in most cases, be charged with liaison on matters of equipment, organization and training aspects affecting their own arm, service or equipment interest. They should not be committed to any full-time task on behalf of the U.S. Army so that they may be free to observe and report generally on matters of interest to NDHQ. However, without prejudicing that freedom, these officers should take every opportunity to assist in the day-to-day work of the establishment to which they are attached. It is recognized that a portion of these liaison officers might be more appropriately located in Washington at U.S.W.D. rather than at U.S. camps or development centres.

(d) The Canadian Army desires to take advantage of appropriate vacancies at U.S.A. command, staff and other courses to the extent that suitable Canadian officers are available and will be prepared to supply Canadian instructors from time to time at U.S.A. schools and courses.

(e) The Canadian Army feels there would be mutual advantage in having suitable staff officers from its forces attached for duty and instruction to U.S.W.D. and will arrange reciprocal opportunities for U.S.A. officers at N.D.H.Q.

(f) In respect of Military Intelligence, the Canadian Army will be prepared to supply, as officers become available, up to four officers in the rank of Captain or Major to U.S.W.D. G.2 Branch for full-time employment on specific

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<sup>1</sup> United States War Department.

tasks and an additional senior officer in that branch for broader liaison and coordination purposes should this be considered necessary or desirable by U.S.W.D.

(g) All Canadian Army officers so employed in U.S.A., would be paid by the Canadian Army, there being no intention of seeking remuneration from U.S.A. even when officers are fully employed in the latter's behalf.

(h) Length of normal tour should be not less than twelve months and subject to review at the end of every six months' period thereafter.

(i) All such officers to be administered by Cdn Army Staff, Washington, and will report to NDHQ through Cdn Army Staff, Washington.

5. It is proposed that Cdn Army Staff be requested to explore with U.S.W.D. what establishments consistent with the foregoing policy would be appropriate as locations to which Canadian liaison officers could be posted and to determine the numbers consequently to be involved and supplied as they become available.

6. It is further intended that the development of reciprocal arrangements in Canada should be initiated by Cdn Army Staff, Washington, who will explore with U.S.W.D. and determine to what Canadian establishments U.S.W.D. would wish to attach U.S.A. officers. It is recognized that U.S. Army would not wish to send as many officers to Canada as the Canadian Army might send to the U.S.A.

7. Although the detailed policy of interchange was to be developed by the services concerned, it is suggested that basic policies be organized on a common inter-service basis.

8. For this purpose you may wish to discuss the foregoing in C.S.C.

L. M. CHESLEY  
Brigadier

1004.

DND/193.009 (D53) CGS Vol. 51 1946

*Mémorandum du chef de l'état-major général  
au sous-chef de l'état-major général (A)*

*Memorandum from Chief of the General Staff  
to Deputy Chief of the General Staff (A)*

[Ottawa,] March 4, 1946

The following extract from Minutes of the 344th meeting of Chiefs of Staff Committee held at 1500 hours Thursday, 28th February, 1946, is passed for your information and retention:

"Interchange of Officers with U.S. Army

11. C.G.S. presented a memorandum which, subject to cancellation of para. 4(c), set forth Army policy for the interchange of officers with the United States.

It was intended to cover four basic fields,—research and development, General Staff practice and procedure, training and tactical doctrine and, at a later date, intelligence. The normal tour of duty would be for twelve months and it was hoped that reciprocal arrangements would be made whereby each government would be responsible for pay and allowances of their own officers.

This information was submitted for the use of other Services in formulating their plans.

(Army memorandum HQC 8932 Vol. 2 of 18 Feb. 46—CSC 9-4-1 22 Feb. 46) †

12. The Committee noted the C.G.S.' memorandum."

[CHARLES FOULKES]  
Lieutenant-General

1005.

DEA/1539-B-40

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

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

TELEGRAM WA-1552

Washington, April 9, 1946

Reference telephone conversation between the Under-Secretary of State and myself on the subject of apprehension of deserters from the armed forces of Canada and the United States and their return to their respective countries.

A meeting has just been held with the three Service Attachés to ascertain their views on the proposal to cancel the arrangement now existing.

As you are aware, an informal arrangement has existed for a number of years whereby United States Military Police apprehended and returned deserters to Canada. At no time were American citizens serving in the Canadian forces returned under this informal procedure which was set out in War Department Circular No. 258 of June 24th, 1944. (You will be interested to know that the instructions contained in that Circular have been renewed by War Department Circular No. 52 of 21st February, 1946, and are, subject to earlier cancellation, to remain in effect until 21st August, 1947). During the period October 1943 to April 1946 some 390 Canadian Army deserters have been reported as returned by American military authorities and numerous others are also believed to have been returned. Air Force and Navy deserters figures are not available at the moment, but run about 12 per year for each service.

It was most unfortunate that, by exchange of notes, an attempt was made to formalize the informal arrangement, which had existed here, without reference to this Embassy. (This aspect has already been raised in my despatch

No. 193 of January 23rd.) I feel that had the Service Attachés here been given an opportunity to comment, the present difficulty, which arises from the fact that the exchange of notes did not correctly interpret existing arrangements, and in particular did not limit return of persons to deserters in the period of the recent hostilities, might well have been avoided.<sup>1</sup>

The Service Attachés inform me that there is no expressed intention on the part of the American authorities to cancel the present informal arrangement and that it would presumably remain in force unless it is specifically mentioned in the proposed cancellation of the formal Agreement as set out in United States Note 332 of 13 June, 1945, and the Canadian reply No. 104 of 26th October, 1945.

You may be interested in the present procedure for dealing with cases of deserters from the Canadian forces known to the Service Attachés.

(a) If the man is apprehended by the American authorities, our Service Attachés are notified and check with their respective headquarters to ascertain whether the man has been declared a deserter by the Service concerned. If so, the American authorities are requested to have him returned to the border where he is picked up by the Canadian Service authorities.

(b) If we know that the individual is working in a civilian capacity in the United States, we notify the Department of Justice who investigate to see if the man is deportable. If such is the case, the Department of Justice, in turn, notify the American military authorities who apprehend the man and return him in the same manner as deserters apprehended in uniform. The only case, to our knowledge, where the American authorities have actually refused to co-operate on a specific request is that of Gunner Shea, who is an American citizen and is wanted for manslaughter in connection with the death of a Canadian nurse as a result of a motor accident in Italy, when Shea was serving as a driver in the Canadian forces. In this case both Justice and the American military authorities felt that they were not on secure ground as the charge concerned a civil matter rather than the mere charge of desertion. Otherwise, we have had no formal objection to the return even of American citizens serving in the Canadian forces, but have never pressed for their return on the ground that as long as their uniforms were collected there was nothing to be gained by their return to Canada, particularly now that hostilities have ceased.

Pending further instructions we propose to allow the present procedure to continue, feeling that it is undesirable to have deserters apprehended by the civil authorities and detained for a long period pending formal deportation proceedings.

<sup>1</sup>La note suivante était écrite sur ce document:

<sup>1</sup>The following note was written on the document:

The notes are alright; it's the P.C. that went too far. R. M[ACDONNELL]

1006.

DEA/1539-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-1039

Ottawa, April 11, 1946

Your WA-1552 of April 9th. Apprehension of deserters from the Armed Forces.

2. P.C. 6577 was revoked by Order in Council on April 9th. We informed the United States Embassy in advance that this was going to take place and have since sent them a copy of the new Order in Council. A copy of our letter† is going forward to you by bag.

3. In this letter we pointed out that in our view the revocation of P.C. 6577 did not affect the validity of the exchange of notes of June 13th and October 26th, 1945, which provided that each country would use whatever legislative powers it possessed. We concluded by saying the Canadian authorities would be glad to discuss at a later date the best method of dealing with the deserter problem in peace time.

4. While we would be in no position to insist on it, it would certainly be to our advantage if the United States military authorities were prepared to continue the apprehension of Canadian deserters. We therefore concur with the final paragraph of your message. You should not, however, take any steps to urge the retention of the present procedure.

1007.

DEA/1539-40

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

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

TELEGRAM EX-1399

Ottawa, May 28, 1946

Re position of Canadians under United States Selective Service Regulations.

2. Your WA-1248 of March 19th† indicated that the end of hostilities has brought no change in the applicability of the draft law to Canadians. We are starting to get inquiries from Canadians in the United States on this subject and wish to review it carefully with your assistance.

3. Will you please send copies of the exact relevant provisions of the Act and Regulations now in force.

4. Please confirm our understanding that there has been no change in the provisions of the Act relating to the drafting of neutral aliens. The last copy of the Act we have contains the following provision relating to neutral aliens:

“Provided, That any citizen or subject of a neutral country shall be relieved from liability for training and service under this Act if, prior to his induction into the land or naval forces, he has made application to be relieved from such liability in the manner prescribed by and in accordance with rules and regulations prescribed by the President, but any person who makes such application shall thereafter be debarred from becoming a citizen of the United States.”

5. If you see no objection, you might have a preliminary informal discussion of the subject with the State Department. We would be interested to know whether the United States Government has, since the end of hostilities, given any real consideration to the question of whether Allied aliens are to be drafted in peacetime.

6. As you know, we never conceded that the United States had a legal right to call up Canadians in the absence of an agreement with the Canadian Government allowing such drafting. If there was doubt as to the legal right of the United States to act unilaterally in wartime, the doubt is obviously much greater in peacetime. We do not at the moment wish to make any representations but I can see no harm in your discussing the subject frankly and informally.

7. No action has been taken to terminate the exchange of notes of March and April 1942 under which Canadians called up in the United States could opt for service in the Canadian forces. However, there are in fact no facilities for opting at the present time and, when the exchange of notes took place, we were certainly not thinking of a period beyond the end of hostilities.

1008.

DEA/1539-40

*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 1341

Washington, June 29, 1946

Sir,

I have the honour to refer to your teletype No. EX-1399 of May 28 regarding the position of Canadians under United States Selective Service regulations, and to my reply No. WA-2479 of June 17.†

2. We have discussed this general question informally with both the appropriate officer in Selective Service administration and with the State Department. So far as the facts are concerned, the present situation appears to be that the following categories of Canadians are adequately safe-guarded under the present regulations:

(a) Government officials.

(b) Twenty-nine day visitors. (It is impossible to register for military service until one has been in the country for thirty days.)

(c) Students (either under student visas or on 3(2) visas, if registered at a school recognized by the Adjutant General). Students are required, however, to obtain a Certificate of Non-Residence after their arrival.

(d) Persons working temporarily in the United States under a Labour Exit Permit from Canada, or under an approved "Training Program". These are mostly trainees or apprentices who are being paid from Canada. (The Canadian M-114 form is apparently honoured in the same way as a Certificate of Non-Residence in the case of students.) We understand that the "Training Program" procedure might cover persons assigned from a Canadian firm to work with a U.S. parent company, subsidiary or affiliate. The maximum period for such a "program" is two years, and payment from the U.S. company is limited to \$180 per month.

(e) Temporary representatives of Canadian firms, who are paid from Canada. These presumably would enter on a 3(2) visa since they are not "gainfully employed", and may apply for a maximum exemption of 6 months under a certificate of non-residence. This application must be submitted within 90 days of entry.

3. While not completely safe-guarded by the regulations, persons who have already had military service in the Canadian armed forces are automatically placed in a special deferred category (1-G), and each case is handled individually by the local Draft Board. Although this is, therefore, to some extent discretionary, the usual practice is to honour twelve months service as sufficient for permanent deferment and a shorter time may be recognized if it consisted mostly of active combat duty.

4. Those who are liable for call-up, therefore, include: (a) visitors on 3(2) visas, and (b) Canadians on permanent visas. In both cases, the actual operation of the Draft cannot take place until after the person involved has been in the United States for 90 days. Temporary visitors are consequently safe for a three month period. After this time, however, they are liable for service, and the length of time spent in the United States is cumulative over a succession of visits. In other words, a Canadian of draft age at the present time can only make one visit of three months duration without being liable for service. If he returns at a later date, he is subject to call-up at any time after the total length of time spent in the United States exceeds 90 days.

5. For the most part, it would appear that these regulations do not impose an undue hardship upon Canadians in the United States. As you are aware, the hostilities are not officially concluded as yet, and in practical terms the United States is still committed to find manpower for her occupation forces. Under the circumstances, I doubt whether we should have much justification for protesting against the drafting of Canadians who, by obtaining permanent visas, have indicated their intention to reside and make their living in the

United States. During the course of our conversation with the State Department, it was indicated that this is definitely the view of the United States authorities.<sup>1</sup>

6. The main group for whom we might feel that the regulations should be altered would probably be the 3(2) temporary visitor. It might be argued that such a person, even though he wishes to remain in the United States for longer than three months, is definitely not making his living here and presumably must eventually return to Canada. Under the circumstances, especially with reference to persons who wish to return to the United States again after having used up their 90 day period of grace, I feel that we should be in a fairly strong position if we wished to make representation on behalf of the temporary visitor.

7. The State Department are in no position at the present time to forecast what future policy may be, and assume that the current regulations will apply as long as the Draft Law is extended and until the natural expiration of the 1940 legislation. If there are any definite points which you would like to have raised with the State Department, therefore, it would be advisable for us to have our position quite clear before approaching them again on the subject. In particular, it would be useful if you could let us know whether there are any other categories, beyond those dealt with above, concerning whom you wish further information or on whose behalf you feel that exemptions might properly be made.

I have etc.

THOMAS A. STONE

1009.

DEA/2818-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre de la Défense nationale (Armée)*

*Under-Secretary of State for External Affairs  
to Deputy Minister of National Defence (Army)*

Ottawa, July 4, 1946

RE: JURISDICTION IN CRIMINAL MATTERS OVER MEMBERS  
OF THE UNITED STATES FORCES IN CANADA

On 20th December, 1943, by Order in Council P.C. 9694, the Governor General in Council under the authority of the War Measures Act gave to the military courts of the United States jurisdiction to try all members of the United States forces in Canada for offences allegedly committed by them. The regulations established under the above Order in Council were also put

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

I agree. R. M[ACDONNELL]

into force in the United States in connection with members of the Canadian Armed Forces charged with having committed offences in United States territory.

The Committee on Orders in Council is now considering the advisability of continuing this jurisdiction of United States military courts or reverting to the normal practice of trying all offenders before the civilian courts.

As this question is one which interests you, I would be very grateful for your comments before any recommendations are made by this Department and before the subject is discussed with the appropriate United States authorities.

Similar letters have been written to the Deputy Minister of National Defence for Air, Deputy Minister of National Defence for Naval Services, the Judge Advocate General and the Deputy Minister of Justice.

N. A. ROBERTSON

1010.

DEA/2818-40

*Le sous-ministre de la Défense nationale (Armée)  
au sous-secrétaire d'État aux Affaires extérieures*

*Deputy-Minister of National Defence (Army)  
to Under-Secretary of State for External Affairs*

Ottawa, September 16, 1946

RE: JURISDICTION IN CRIMINAL MATTERS OVER  
MEMBERS OF THE U.S. FORCES IN CANADA

Reference your letters of 4th July, 1946, concerning the above-noted matter, addressed to the Deputy Ministers of National Defence for Air and Naval Services and to the under-signed.

It is expected that an American Force of approximately 100 All Ranks will be proceeding to Canada in the next few weeks to take part in certain Winter Trials at Churchill, Manitoba. If Order-in-Council P.C. 9694 of 1943 is revoked, it would appear that no provision will exist for the discipline of this Force, and of other United States' Forces, which it is expected will be in Canada from time to time.

This matter has been considered by the appropriate Service Authorities and in their opinion P.C. 9694 should not be revoked until provision is made by means of an Act of Parliament or Order-in-Council for the discipline of American Troops in Canada.

If you concur, it is suggested that informal discussions might be held at once between the Canadian and American Service Authorities with a view to arriving at a solution to this matter, and also the matter of discipline of Canadian Forces present in the U.S.A., which would be satisfactory to both countries and that when a workable solution has been arrived at, the matter

should be submitted through the regular diplomatic channels for the necessary action on the part of both Governments.

The contents of this letter are concurred in by the Deputy Ministers of National Defence for Naval Services and Air. It may, therefore, be considered as a reply to the communications addressed by you to them in this connection.

A. ROSS

1011.

DEA/2818-40

*Mémoire du chef, la direction juridique,  
au chef, la troisième direction politique*

*Memorandum from Head, Legal Division, to Head, Third Political Division*

[Ottawa,] September 27, 1946

JURISDICTION IN CRIMINAL MATTERS OVER  
MEMBERS OF THE U.S. FORCES IN CANADA

I refer to your memorandum of 29th June† on this subject.

The three branches of National Defence, the Judge Advocate General and Justice were asked for their opinion on this matter. By letter of 8th July† Justice took the view that the Order-in-Council should be revoked. By letter of 9th July† the Judge Advocate General took the same view.

By letter of 15th July† the Deputy Minister (Navy) stated that he had no objection to the revocation of the Order-in-Council. However, in view of the joint letter from the three branches of National Defence referred to in the next paragraph I feel this letter from Navy should be discounted.

By letter of 16th September from the Deputy Minister of National Defence (Army) with the concurrence of the other two branches of the Armed Forces, the Department of National Defence has expressed the opinion that the Order-in-Council should not be revoked until provision is made by means of an Act of Parliament or Order-in-Council for the discipline of American Troops in Canada.

You will observe from the file that on 17th August I wrote to the High Commissioner for Canada in London† asking for the United Kingdom views on this subject. No answer has been received.

From National Defence letter of 16th September, it would appear that the number of American troops in the country is going to be very small and my personal view is that there is no reason to change the opinion expressed by you on 29th June. However there are political implications in this matter on which I would be grateful for your comments.

I think there is some urgency in this matter and I feel that whatever your decision is, we should communicate with the Americans without delay.

L. C. A[UDETTE]  
E. R. H[OPKINS]

1012.

DEA/2818-40

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

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

No. 136

Ottawa, October 19, 1946

Excellency,

I have the honour to refer to the jurisdiction of service courts of the Armed Forces of the United States in Canada.

On April 15, 1941, by Order in Council P.C. 2546 passed under the authority of the War Measures Act, the naval, military and air force courts of the United States forces were authorized to exercise within Canada, in relation to members of the United States forces in matters of discipline and internal administration, all powers conferred upon them by the law of the United States. On December 20, 1943, by Order in Council P.C. 9694, also passed under the authority of the War Measures Act, exclusive criminal jurisdiction within Canada was given to the naval, military and air force courts of the United States Forces over personnel of such forces for offences allegedly committed by them.

Under the legislation presently in force in Canada, the Orders in Council on this subject will automatically lapse on March 31, 1947, and may even be brought to an end at an earlier date by the legislative action of the Canadian Parliament.

I would be grateful if you would bring this matter to the attention of your Government. It is suggested that informal discussions might usefully take place between Canada and the United States service representatives together with any other persons whose participation might be helpful in arriving at a satisfactory solution.

Accept etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

1013.

DEA/2818-40

*L'ambassadeur des États-Unis au secrétaire d'État aux Affaires extérieures  
Ambassador of United States to Secretary of State for External Affairs*

No. 598

Ottawa, November 15, 1946

Sir,

I have the honor to refer to your note No. 136 of October 19, 1946, concerning jurisdiction over offences committed by members of the armed forces

of the United States in Canada, in which you suggest that informal discussions of this problem might now usefully take place between Canadian and United States Service representatives.

Your note was brought to the attention of my Government and I have now been directed to say that my Government concurs in your suggestion concerning the usefulness of such discussions and will be glad to arrange for representatives to take part therein at such time and place as may be convenient to the Canadian Government.

I would appreciate hearing further from you in this regard.

Accept etc.

RAY ATHERTON

1014.

DEA/2818-40

*Procès-verbaux de réunions*

*Minutes of Meetings*

CONFIDENTIAL

Minutes of meetings held in the Department of External Affairs on 11th, 12th and 13th December 1946 pursuant to an exchange of notes between the Department of External Affairs and the United States Ambassador to Canada initiated by External Affairs despatch No. 136 dated 19th October 1946 for the purpose of considering the jurisdiction to be exercised by United States service courts and authorities in Canada in respect of United States forces and the members thereof lawfully present in Canada.

PRESENT:

Brigadier R. J. Orde, CBE, Judge Advocate General, Department of National Defence **CHAIRMAN** Lieutenant-Commander (SB) J. P. Dewis, RCN, **SECRETARY**

CANADA

R. M. Macdonnell, Esq., Acting Under-Secretary of State for External Affairs; Chief of Third Political Division, Department of External Affairs

M. H. Wershof, Esq., Legal Branch, Department of External Affairs,

G. V. Beaudry, Esq., Third Political Division, US Section, Department of External Affairs

L. C. Audette, Esq., Department of External Affairs

C. Stein, Esq., Acting Assistant Deputy Minister of Justice

Commodore G. R. Miles, OBE, RCN, Chief of Naval Personnel

Commander (SB) P. R. Hurcomb, RCN, Judge Advocate of the Fleet

Brigadier A. B. Connelly, CBE, Deputy Adjutant General

Air Commodore D. E. Mackell, CBE, Deputy Air Member for Personnel

Flight-Lieutenant V. Mulligan, Director of Personnel Division, Royal Canadian Air Force

UNITED STATES

Raymund T. Yingling, Assistant to Legal Adviser, Department of State (USA)

Colonel Archibald King, Judge Advocate General Department, US Army

Commander William C. Mott, USN, Judge Advocate General Department.  
(Representing Navy Department)

Lieutenant-Colonel John S. Gerety, US War Department General Staff.  
(Representing War Department)

Major William G. Downey, (Inf.), Judge Advocate General Department.  
(Representing War Department)

Colonel R. E. S. Williamson, GSC, Military Attaché, United States Embassy,  
Ottawa.

Edward A. Dow, Jr., Second Secretary, United States Embassy, Ottawa

The first meeting was called to order at 2.30 p.m., 11th December, with Brigadier R. J. Orde in the chair. He pointed out that pursuant to the notes exchanged, the meetings were for the purpose of informal discussion between Canadian and United States service representatives and other persons whose participation might be helpful and that for this reason the Department of National Defence had intimated that he act as chairman and that Lieutenant-Commander Dewis act as Secretary. CSM W. J. Crone acted as reporter.

There was provided for each representative a folder containing the relevant Canadian Orders in Council, United States Public Law 384 of the 78th Congress and a memorandum setting out briefly the historical situation. A copy of this memorandum is annexed as Schedule 'A'.†

Meetings were held on 11th, 12th and 13th December at which there were present the officials hereinbefore mentioned or their accredited representatives.

After much discussion it was agreed that a memorandum in the terms of that annexed as Schedule 'B' should, through the appropriate channels be submitted by the Canadian representatives for the consideration of their superiors and that such memorandum should be forwarded by the Chairman to the Under-Secretary of State for External Affairs for appropriate action. It was also agreed that copies of the said memorandum should be sent to the American Embassy for transmission to the United States representatives.

It was unanimously agreed by all representatives that these minutes and annexures should be classified as "Confidential" and that the reporter's shorthand notes should be destroyed.

The meetings were concluded at 4.30 p.m. 13th December, 1946.

J. P. DEWIS  
Lieutenant-Commander (SB) RCN  
Secretary

R. J. ORDE  
Brigadier  
Chairman

[PIÈCE JOINTE/ENCLOSURE]

*Mé morandum*

*Memorandum*

Ottawa, December 13, 1946

SCHEDULE 'B'

1. Pursuant to an exchange of notes between the Under-Secretary of State for External Affairs of Canada and the United States Ambassador to Canada, an informal discussion was held in Ottawa on 11th, 12th and 13th December

1946 between representatives of Canada and the United States for the purpose of considering the extent to which United States service courts and authorities would, in peacetime, exercise jurisdiction presently authorized by the Foreign Forces Order, 1941 (PC 2546 dated 15 April 1941) as applied by Order in Council PC 2813 dated 6 April 1943 and as extended by Order in Council PC 9694 dated 20 December 1943.

2. The United States representatives at the meeting stated that they were desirous of having continued the same status and powers of United States service courts as exist under the foregoing Orders.

3. This would mean that such United States service courts and authorities would permanently be permitted to exercise criminal jurisdiction in matters involving members of the United States forces present in Canada to the exclusion of Canadian courts of criminal jurisdiction.

4. The attention of the United States representatives was called to the fact that under the constitution of Canada, while the Canadian Parliament is vested with exclusive legislative jurisdiction over criminal law and procedure, the administration of criminal justice lies with the provinces. The United States representatives fully appreciate this constitutional situation.

5. The Canadian service representatives observed that so far as they were concerned they felt that in respect of members of a Canadian "force" which is in the United States they were quite satisfied to have the jurisdiction relating to that force limited to matters of internal service discipline and that offences of a criminal nature committed by any member of such force against non-members of any such force should be dealt with by the appropriate criminal court in the United States.

6. Having regard to the views expressed by the representatives of the respective countries the Canadian representatives are prepared to recommend to their appropriate superiors that in respect of any member of any United States force which is lawfully present in Canada legislation be introduced to give effect to the following:

(a) United States service courts and authorities shall have exclusive jurisdiction in respect of all offences under United States military or naval law committed by any such member and which are not offences under the law of Canada.

(b) United States service courts and authorities shall have exclusive jurisdiction in respect of all offences under United States military or naval law committed by any such member which are also offences under the law of Canada and which involve only members of any such force, their property or property owned or controlled by the Government of the United States, provided, that in any such cases jurisdiction may be waived by the appropriate United States authorities.

(c) United States service courts and authorities may exercise jurisdiction in respect of all other offences committed by any such member in those cases wherein the appropriate Canadian authority does not wish to exercise jurisdiction.

(d) Provisions to enable the United States service courts and authorities fully to exercise the aforesaid jurisdiction.

For the purposes of this paragraph 'member' shall mean a person who is by the law of the United States of America for the time being subject to the military or naval law of that country, provided that no person employed in connection with any such force not being a National of the United States of America shall be deemed to be a member of such force unless he entered into that employment outside of Canada.

7. The Canadian representatives intimated that the foregoing proposals are not intended to extend to the situation which might subsist when Canada or the United States is at war, in which event the whole matter should be made the subject of re-examination.

8. The Canadian representatives took into consideration the provisions of the Foreign Forces Order, 1941 (PC 2546 dated 15 April 1941) and what they are prepared to recommend is consistent with the terms of that Order and with the provisions of the Visiting Forces (British Commonwealth) Act, 1933, with the extension of jurisdiction as set out in para 6 above. Such extension is substantially in accordance with the majority decision of the Supreme Court of Canada on the reference as to whether members of the military or naval forces of the United States of America are exempt from criminal proceedings in Canadian criminal courts, (1943) S.C.R. 483, although the question submitted to the Court related to the situation under war-time conditions.<sup>1</sup>

## SECTION E

### ACCORD RUSH-BAGOT / RUSH-BAGOT AGREEMENT

1015.

W.L.M.K./Vol. 336

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] February 14, 1946

### POSSIBLE REVISION OF THE RUSH-BAGOT AGREEMENT OF 1817

Naval Services wish to send four or five small training vessels to the Great Lakes this summer and have inquired whether the Department would be prepared to seek the approval of the United States Government. Such a step would, like many others that have been taken, involve a breach of the Rush-Bagot Agreement and would require still another interpretation of the spirit

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

Approved for submission to Council. L. S. St. L[AURENT]

of that arrangement. This raises the question which has been under consideration in the Department for some time of whether it would not be in the general interest to replace the Rush-Bagot Agreement with something more suited to present conditions.<sup>1</sup>

Both Governments have agreed during the war to disregard the limitations on naval armaments on the Great Lakes contained in this Agreement and its prohibition of naval construction. It appears questionable, however, whether it is wise to retain an Agreement which is so unrelated to present conditions that its main provisions must be constantly violated. Even with the war ended, it can be expected that both countries will wish to have naval vessels in these waters and there seems no reason why they should not. It therefore appears appropriate to consider whether the time has not come to suggest to the United States that the Rush-Bagot Agreement be replaced by a new Agreement which would take account of present day relations between Canada and the United States.

Such an Agreement might cover the following points:

(a) Permit each country to maintain such vessels as it requires for naval training purposes and for police work.

(b) Permit the construction of such vessels as each country requires for purposes mentioned in (a) above, as well as for ocean use, subject to whatever agreements on naval limitations may be binding on each party.

(c) Provide for complete exchange of information on all activities under (a) and (b) above perhaps through the Permanent Joint Board on Defence.

The principal argument against a new Agreement is the great sentimental value that attaches to this historic document. It is a landmark of nearly one hundred and thirty years' standing and a monument to the excellent relations between Canada and the United States.

On the other hand, there are two arguments in favour of a new Agreement which may have even greater weight:

(a) A new Agreement might possess even more sentimental value if appropriately conceived and properly launched. The old Agreement was, despite its undoubted value, based on mutual suspicion and the need to keep a watchful eye on naval armaments. A new Agreement could be based on the complete confidence that exists between the two countries. It would be based on mutual trust, not on mutual suspicion. Indeed, a naval limitation Agreement seems inconsistent with joint defence and the responsibilities entrusted to the Permanent Joint Board on Defence under the Ogdensburg Agreement. A new understanding based on these considerations would be a landmark in the history of both countries.

(b) The existing Agreement is so unrelated to modern conditions that scarcely one of its provisions is in force. If international agreements are to

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

No not at that immediate time. K[ING] 14-2-46

command general respect, it does not appear to be sound policy to retain agreements which have become out of date and which are continually violated.

On balance, it is suggested that a new Agreement, far from destroying something of historical interest and moral value, would be a document commanding great interest and respect in its own right. If you agree with these considerations, I would suggest that an informal approach be made to the United States either through diplomatic channels or through the Permanent Joint Board on Defence.<sup>1</sup>

N. A. R[OBERTSON]

1016.

DEA/3306-40

*Mémoire du Cabinet du Premier ministre au Premier ministre*

*Memorandum from Office of the Prime Minister to Prime Minister*

[Ottawa,] February 15, 1946

A third reason which might perhaps be advanced for a new agreement is that the Rush-Bagot agreement was negotiated by a *British* plenipotentiary for Canada (Sir Charles Bagot, who was later (1841-43) Governor General).

It would surely now be appropriate to have a new agreement negotiated between a *Canadian* plenipotentiary and his United States counterpart. This could be carried out with due ceremony, and perhaps with due reference to collaboration in defence during the war years; to a continuing concern for the requirements of joint defence in peacetime, and to creating a new landmark in Canadian-United States cooperation.

J. A. GIBSON

1017.

DEA/3306-40

*Le secrétaire, la section canadienne, CPCAD,  
au secrétaire, la section américaine, CPCAD*

*Secretary, Canadian Section, PJBD, to Secretary, American Section, PJBD*

Ottawa, May 15, 1946

Dear Mr. Parsons,

You will recall that at the March 21st meeting, the Board discussed, (paragraph 14), the stationing of naval vessels on the Great Lakes for training

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

Please speak to me of this. K[INO] 14-2-46

purposes. The Journal states that "it was agreed that the members from the State Department and the Department of External Affairs would undertake to study jointly whether any further interpretations of existing Treaties bearing on this matter would be necessary."

I believe that it was agreed informally that the Department of State would look into this question and I am wondering whether any opinions have yet been expressed.

Yours sincerely,

R. M. MACDONNELL

1018.

DEA/3306-40

*Le secrétaire, la section américaine, CPCAD,  
au secrétaire, la section canadienne, CPCAD<sup>1</sup>*

*Secretary, American Section, PJBD,  
to Secretary, Canadian Section, PJBD<sup>1</sup>*

Washington, June 25, 1946

Dear Mr. Macdonnell,

I refer to your letter of May 15, 1946, in which you asked me if any opinions concerning the possibility of amending the Rush-Bagot agreement had as yet been expressed by us here. As you will recall, it was stated at the March 1946 meeting of the Permanent Joint Board on Defense, United States-Canada, that the United States Navy wished to have certain naval training vessels operate in the Great Lakes for training purposes, and it was decided that the secretaries of the Board would look into the matter of amending the Rush-Bagot agreement if necessary.

The Rush-Bagot agreement as drawn up has long since been out-dated, and its observance has for many years been a matter of adhering to the spirit of the agreement rather than to its letter. In 1939, 1940 and 1942 exchanges of notes amending the agreement were completed, and understanding was reached concerning (1) the number and size of the vessels each country was to have on the Lakes, (2) the disposition of these vessels, (3) their functions, and (4) their armaments. Both the United States and Canada have worked on the basis that the spirit of the agreement was observed when any deviation from its terms was made by mutual consent.

The United States Navy wishes to maintain on the Great Lakes a small number of operative minor war vessels, to be used exclusively in the training

<sup>1</sup> Cette lettre fut expédiée le 3 juillet.

<sup>1</sup> This letter was sent on July 3.

of Naval Reserve personnel. I am enclosing a list of these ships and the lake ports at which they would be based, as well as a description of the types of ships concerned.† It is my opinion that it would be consistent with the Rush-Bagot agreement, as it has been interpreted heretofore, for the United States and Canadian Navies to undertake operations of this sort when such operations are undertaken with full knowledge of the other's plans and mutual consent thereto. The Permanent Joint Board on Defense provides an informal channel for the exchange of information of this sort. If you feel, however, that a further exchange of notes on this subject is required, I shall be happy to discuss this further with you.

Sincerely yours,

J. GRAHAM PARSONS

1019.

DEA/3306-40

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

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

DESPATCH 931

Ottawa, August 3, 1946

Sir,

The question of stationing naval vessels on the Great Lakes for training purposes has been discussed by the Permanent Joint Board on Defence. Paragraph 14 of the Board's Journal for the meeting of March 21-22 records the discussion. There has been subsequent correspondence between the Secretaries of the Board and I enclose a copy of a letter from the Secretary of the United States Section dated June 25. Mr. Parsons expresses the opinion that it would be consistent with the Rush-Bagot Agreement for the Canadian and the United States Navies to station vessels on the Great Lakes so long as they kept each other fully informed. He stated, however, that if the Canadian authorities desired an exchange of notes, the way was open to discuss this course of action.

2. It is the view of this Department that a further interpretation of the Rush-Bagot Agreement is called for. The stationing of additional naval vessels on the Great Lakes would, in our view, be in contravention of the terms of the Rush-Bagot Agreement and since various precedents already exist for re-interpreting the spirit of that Agreement, it seems to us desirable to keep the record straight by an exchange of notes which could be published.

3. With this in mind, we have drafted a note from the Embassy to the State Department, copies of which are enclosed.† You should discuss this with the State Department whose comments we will be glad to receive in due course.

I have etc.

H. H. WRONG  
[for] Acting Secretary of State  
for External Affairs

1020.

DEA/3306-40

*Mémoire du sous-secrétaire d'État par intérim aux Affaires extérieures  
au Premier ministre par intérim*

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

[Ottawa,] August 5, 1946

We have been approached by the United States authorities rather urgently for concurrence in a fairly extensive programme of naval training on the Great Lakes. Our consent is necessary because the execution of this programme will involve the maintenance of a number of minor war vessels for training purposes which would far exceed the ancient limits established by the Rush-Bagot Agreement of 1817. In fact just before and during the war we exchanged notes with the United States on a number of occasions, modifying the terms of the Rush-Bagot Agreement, and this is only a continuation of what has already been undertaken. Our various exchanges with the United States on this subject have been published in the Canadian *Treaty Series*. We should have, of course, to publish also any exchange on the subject of vessels for training purposes.

I see no objection to this proposal or to the language in the attached draft.† Our own Naval people want to follow a similar course, and this exchange would give them authority to do so. The State Department was inclined to think that a formal exchange of notes was unnecessary, but as explained in Mr. Macdonnell's explanatory memorandum† attached to the draft, our own legal people take a different view, and I agree with them. What we really already have done is to alter the Rush-Bagot Agreement out of all recognition, but there is distinct political and practical value in attaching to this ancient document (itself only an exchange of notes) all subsequent Agreements relating to naval armament on the Great Lakes.

As we are under some pressure to get this matter settled, I should be glad to know whether you agree to the course proposed.<sup>1</sup>

H. W[RO]NG

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

I agree. 6-8-46 L. S. ST. L[AURENT]

1021.

DEA/3306-40

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 1917

Washington, October 1, 1946

Sir,

I have the honour to refer to your despatch No. 931 of August 3rd last concerning the question of a further interpretation of the Rush-Bagot Agreement.

2. I discussed informally with the Department of State the draft of a note, the text of which you sent with your despatch under reference, and I am now informed by the Department that the text of this draft is completely satisfactory to the United States authorities concerned. The Department of State, therefore, is prepared to proceed with the proposed exchange of notes at our convenience.<sup>1</sup> Before proceeding, I shall await your further instructions.

I have etc.

THOMAS A. STONE  
 for the Ambassador

## SECTION F

## STANDARDISATION D'ÉQUIPEMENT

## EQUIPMENT STANDARDIZATION

1022.

W.L.M.K./Vol. 307

*Mémorandum du secrétaire du Cabinet au Premier ministre*  
*Memorandum from Secretary to the Cabinet to Prime Minister*

TOP SECRET

Ottawa, September 6, 1946

RE: STANDARDIZATION OF MILITARY EQUIPMENT BETWEEN  
 THE UNITED KINGDOM, THE UNITED STATES AND CANADA

1. The Chief of the General Staff understands that, when Field Marshal Montgomery<sup>2</sup> sees you in Ottawa on Monday, he will raise the question of standardizing equipment and weapons as between British, Canadian and United States forces.

2. This morning, the Chiefs of Staff Committee, with Robertson, Pearson, Wrong and myself, considered a paper on this question approved by the U.K. Cabinet Defence Committee and forwarded to External Affairs through Earns-

<sup>1</sup> Voir Canada, *Recueil des traités*, 1946, N° 40.

<sup>1</sup> See Canada, *Treaty Series*, 1946, No. 40.

<sup>2</sup> Chef de l'état-major général impérial.

<sup>2</sup> Chief of the Imperial General Staff.

cliffe. The paper, which is in the form of a report by the U.K. Chiefs of Staff, recognizes the desirability of standardizing equipment between the Armed Forces of the three countries, outlines the difficulties which the implementing of such a policy involves and concludes by recommending the joint approach to the U.S. Government on the part of the United Kingdom and Canada. The object would be to persuade U.S. authorities to adopt a policy of immediate cooperation with a view to eventual adoption of weapons and equipment of common types.

3. Canadian military authorities have, for some time, recognized that the adoption of standard equipment as between the United Kingdom and the United States would be directly in the interest of Canada. Our industrial standards are for the most part North American; on the other hand, traditionally, our Navy, Army and Air Force have been equipped on the British model, though the recent war modified this to a considerable degree. As in so many other fields, our objective, it is felt, should be to bring the British and Americans together.

4. Field Marshal Montgomery intends to discuss this subject informally not only with General Eisenhower, but apparently with the President. If you agree, we thought that there would be no harm in your saying to the Field Marshal that he might intimate in Washington that he had approached the Canadian authorities informally and had learned that they were in general agreement with the U.K.'s views.

5. On the other hand, we did not think that the objective could best be achieved by a formal approach by the U.K. government on the political level; nor did we feel that the Canadian government should be a party to a joint approach as is suggested in the U.K. paper. It was our view that a less formal initiative by the U.K. staff to their opposite numbers in the United States would not be so likely to encounter political difficulty. So far as Canada is concerned, the joint planning now being carried on under the auspices of the Permanent Joint Board on Defence has already given an opportunity to our officers to express a view favourable to standardization. Any further initiative which might be taken on our part might, we felt, remain on the Service level.

6. It was thought that you might wish to have our views on this subject before you see Field Marshal Montgomery and I have, therefore, prepared this note rather hurriedly in order that you may have it in good time. It has been seen by Robertson and Foulkes, both of whom concur.

7. General Foulkes tells me that he is to have a word with you privately before you see Field Marshal Montgomery.

A. D. P. H[EENEY]

P.S. I have just been informed that the U.K. government now feel that any "joint approach" be left in abeyance until the results of Montgomery's informal discussions are known.

1023.

DEA/50256-40

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

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

TOP SECRET

Ottawa, September 20, 1946

Dear Sir Alexander [Clutterbuck],

I am writing with reference to your letters of August 22nd<sup>†</sup> and September 5th,<sup>†</sup> concerning the report by the United Kingdom Chiefs of Staff<sup>†</sup> enclosed with your letter of August 22nd, entitled "Standardization of Equipment between the United Kingdom, United States and Canada".

This report has been considered by the appropriate Canadian authorities and I am now able to inform you that the policy outlined in it accords with their views and is acceptable to them as a general basis for planning. Indeed, you may be certain that Canadian representatives will take every opportunity in their contacts with U.K. and U.S. officers of advancing the principles of standardisation of equipment between the forces of the three countries.

In your letter of September 5th, you stated that the U.K. authorities felt that the question of a joint approach to the U.S. authorities should stand over until the results of Lord Montgomery's discussions in the United States were known. We have considerable doubt here about the value of a joint approach in Washington and our view is that progress is more likely to be maintained if the discussions with U.S. authorities are conducted on the Service level. Furthermore, we feel that there would be objection to any proposal having in view any formal or even informal inter-governmental agreement. We believe that it is likely, in fact, to be easier to secure the execution of parallel policies in the three countries by less formal methods developed between the various officers and officials. We feel also that such methods would reduce the danger of unwanted publicity.

You are already doubtless familiar with the results of Lord Montgomery's discussions on questions of standardization with the Prime Minister, the Minister of National Defence and the Canadian Service authorities during his visit to Ottawa.

Yours sincerely,

N. A. ROBERTSON

1024.

DEA/50256-40

*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*

[TOP SECRET]

Ottawa, November 2, 1946

Dear Hume [Wrong],

I am sending you for your top secret and personal information, a memorandum from Arnold to the Prime Minister, dealing with recent staff conversations in London on standardization. Attached to that memorandum is a letter to Arnold from General Foulkes. There is a special obligation on our part to maintain secrecy in this matter in view of the fact that apparently United States Service authorities are not telling the State Department anything about it. We are also keeping it very close here.

I must say I am worried somewhat by the implications of the London talks. They went further than we had expected here, in establishing a political basis for Service cooperation between the three countries. At the last Chiefs of Staff meeting, Foulkes read one or two memoranda done by the War Office people on this political aspect of the problem and neither Arnold or I were much impressed by the quality of the argument put forward.

We are also somewhat worried about our participation in the Washington talks, even though these are to be purely exploratory and on the technical service level. General Foulkes has emphasized to us that no commitments—even Service commitments—will be made at these Washington talks; but we know, of course, how difficult it is to avoid, at talks of this kind, the establishment of positions from which it is sometimes later difficult to withdraw. The danger in this case is increased by the fact that the representatives we are sending to Washington are not likely to have much influence on the establishment of such positions. I am wondering again whether in discussions of this kind it is not better for us to withdraw as principals and be called in whenever our special interests are affected; to maintain, in short, the position we had vis-à-vis the Combined Chiefs of Staff in Washington.

In the forthcoming talks I think it almost certain that there will be a tendency on the part of the U.S. and U.K. participants to stray into forbidden fields. There will also be some delicate balancing required by our representatives of their Commonwealth and North American positions. You could certainly be of great help to them in this and in other respects if you are given that opportunity. I indicated this to General Foulkes at the last Chiefs of Staff meeting and I hope that the idea has penetrated. I can very well imagine the U.K. people at the Washington talks referring to "us", as against "you"; meaning Commonwealth on the one side and the U.S. on the other. Foulkes

seems to have handled this particular situation very well in London, but it is doubtful whether the Service men in the Washington talks will be equally skillful. We shall probably hear in a day or two who they are.

Yours sincerely,

[L. B. PEARSON]

[PIÈCE JOINTE/ENCLOSURE]

*Mé morandum du secrétaire du Cabinet au Premier ministre*

*Memorandum from Secretary to the Cabinet to Prime Minister*

IMPORTANT, TOP SECRET AND PERSONAL

Ottawa, October 31, 1946

RE: STAFF CONVERSATIONS; UNITED KINGDOM-CANADA-UNITED STATES  
STANDARDIZATION OF EQUIPMENT

You will remember that, when Field Marshal Montgomery was in Ottawa, you discussed with him and with the Minister of National Defence and the Chief of the General Staff U.K. proposals for the standardizing of military equipment. At that time, you indicated that the Canadian government were prepared to cooperate in measures designed to promote uniformity in these matters. Subsequently, after Montgomery had visited Washington, you heard from him that the President had also expressed agreement as to the desirability of the Services of the three countries working together to this end.

On September 26th, you reported these developments to the Cabinet and it was agreed that the process of standardization should be worked out by stages on the Service level, but that there should be no question of any formal inter-governmental agreement on the subject. The Cabinet Defence Committee had previously approved a recommendation in favour of standardization from the Chiefs of Staff and this was reported to the Cabinet at the same time by Mr. Abbott.

On Tuesday last, Pearson and I were invited to a meeting of the Chiefs of Staff to hear General Foulkes' account of subsequent developments. This made it quite clear that the British and Americans contemplate joint planning over a much broader field than that of standardization of equipment. Indeed, the draft agenda prepared for discussions which are to begin in Washington on November 11th indicates that both the U.K. and the U.S. Staffs are looking forward to a complete examination of the over-all strategic problem in the light of estimated Soviet intentions.

Canadian authorities had not known in advance of the nature of the recent talks which took place in England between Eisenhower and Montgomery and their Planners. Foulkes has now been brought into the picture fully, however, and at present is considering with his Naval and Air Force colleagues the briefing of the Canadian Service representatives who will attend the tri-partite meetings in Washington on November 11th. He agreed with

me that you should be informed at once of the turn of events. Since the Minister is away (Mr. Gibson is not, I think, aware of what has transpired), I asked Foulkes to write me a brief statement of the salient features of the position in a personal letter, a copy of which is attached.

My impression is that, while the U.K. government are fully aware of the extent of the proposed conversations with the United States, the same may not be true in Washington, though presumably the President has been informed. Naturally, the highest degree of secrecy is being maintained.

A. D. P. HEENEY

[PIÈCE JOINTE/ENCLOSURE]

*Le Chef de l'état-major général au secrétaire du Cabinet*  
*Chief of the General Staff to Secretary to the Cabinet*

Ottawa, October 29, 1946

Dear Mr. Heenev,

Following my discussion at this morning's Chief of Staff meeting you mentioned that it might be advisable for you to have a word with the Prime Minister to inform him of the progress of the talks with the British Planners, and the nature of future discussions to take place in Washington commencing 11 November. It would be helpful, perhaps, if I briefly review the background which has led up to the present situation.

You will recall that following Field Marshal Montgomery's brief visit with the Prime Minister, it was agreed that Canada should participate in conversations, on a Military level, with the United States and Great Britain on questions of current strategy and standardization, as outlined by Field Marshal Montgomery. After the Field Marshal's visit to Washington I received a letter† in which the Field Marshal mentioned that he had secured the approval of President Truman to the proposal of Tri-Partite talks on a Military level. He also mentioned that the American Chiefs of Staff had agreed that the talks should include all mutual defence matters, and not only standardization. I received a similar message† from General Eisenhower, advising that the talks would take place in Washington early in October.

On the 11th of October I received a letter† from the Field Marshal in which he explained that the British and American Planners had held a preliminary meeting in London, and had drawn up a tentative Agenda for the further meetings which are to be held in Washington in November. He explained further that for reasons of security he had thought it advisable not to invite the Canadian participation but to inform us later of their discussions, and he suggested further that a team of Canadian Planners should arrive in London about the 20th of October to discuss with the British Planners this Agenda.

I discussed that matter with Mr. Abbott, and our first reaction was one of considerable annoyance that preliminary talks had been held without our participation. However, we felt that perhaps this was a good opportunity of registering our objection to such procedure and of stating Canada's case. Therefore, with the Minister's approval I proceeded with the team to the United Kingdom. On the morning of Monday, 21st October, I had an interview with Field Marshal Montgomery, when he outlined the previous meeting with the Americans, and he mentioned that he considered it desirable to have a common Commonwealth front in this matter before meeting the Americans in Washington.

I took exception to this proposal and reminded the Field Marshal that we were upset that these talks should have been held without Canadians being present, and that I could not agree to any such thing as a common Commonwealth front when dealing with these matters. He emphasized that the preliminary United States-Great Britain talks were mainly in connection with the future of the Occupation Forces in Germany in which, of course, we were no longer interested, and that nothing had been decided except the tentative Agenda had been drawn up.

It was finally agreed that there would be no preliminary talks, either in Ottawa or Washington, between the British and the Canadian teams, nor would we put up, at any time, a common front to the Americans. The Field Marshal now fully understands that during these talks Canada must be treated in the same manner as the other two participants.

I undertook to review the Agenda and the preliminary papers which are to form the basis of the discussions in Washington, and further to brief the Canadian team before they proceeded to Washington. I later met the members of the British team to discuss with them the composition of the Canadian team, and the Agenda.

The British are very anxious that agreement be reached on the strategical concept, which is to form the basis of the planning for cooperation on all matters in the event of war, and they are to present a paper in Washington giving their views on the strategical concept. They feel that until common agreement is reached on the strategical concept it would be unsound to discuss ways and means of standardization of operational procedure, weapons, and equipment.

It was further agreed that the Planners would bring in recommendations as to what mutual tasks should be undertaken in peace time, and the ways and means in which these tasks would be carried out. A report of the Planners is to be forwarded to the respective Chiefs of Staff Committees before further action is undertaken.

I have agreed to arrange for a Canadian Planning group, on Brigadier level, to meet the British and United States groups for these talks in Washington commencing 11th November. It is clearly understood by all concerned that these talks are purely exploratory and do not make, or accept, any commitments whatsoever. I feel that it is of considerable importance that we

send down the best possible representation for these talks; not that we can contribute very much to talks on Allied grand strategy, but it appears important to me to be adequately represented so that we can be kept completely in the picture and to ensure that Great Britain does not again consider that she is talking on behalf of Canada in any matters whatsoever.

Yours sincerely,

CHARLES FOULKES

PARTIE 4 / PART 4

TRANSPORTS / TRANSPORTATION

1025.

W.L.M.K./Vol. 278

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

CONFIDENTIAL

[Ottawa,] January 19, 1946

PACIFIC COAST HIGHWAY TO ALASKA

The United States Department of State have approached us informally and confidentially on the subject of constructing another highway to Alaska. A number of groups in Washington and Oregon, whose vigorous spokesman in Congress is Senator Magnuson of Washington, have long urged the construction of a highway from Prince George through British Columbia to Alaska which would provide direct road communication between Alaska on the one hand, and the Vancouver-Seattle-Portland area on the other. The location of the present Alaska Highway east of the mountains is criticized by these groups on the ground that it links Alaska with the central part of Canada and the United States to the disadvantage of the coastal area. A similar feeling exists to some extent in British Columbia and the Pacific Northwest Trade Association, with membership on both sides of the border, has for some time been urging the construction of a new road.

Senator Magnuson has succeeded in obtaining some support from President Truman. It will be recalled that last summer, while in the State of Washington, the President was reported in the press as terming the proposed road "absolutely essential". Because of this White House support, the State Department feel obliged to take the question up with the Canadian Government although they appreciate the difficulties of their position. They are proposing a project whose economic soundness is far from proven and which, in any event, is a matter entirely within Canadian jurisdiction since it is not possible to justify another highway on grounds of defence. (It is open to question whether a financial contribution from the United States Government would be

acceptable to Canada, but there are good grounds for doubting that Congress would be prepared to appropriate for another highway in Canada).<sup>1</sup>

The alternative courses mentioned by the State Department in order of preference are as follows:

(1) Establishment of a joint investigating body consisting of three members from each country to recommend whether or not a new highway is justified. If this were done, Senator Magnuson would be the principal United States member and would be in a position to see that no arguments in support of a new highway were overlooked.

(2) Having Senator Magnuson come to Canada to argue his case and to attempt to persuade the Canadian Government of the soundness of his views.

It is difficult to reply to this informal approach without knowing the views of British Columbia. If the Provincial Government is disposed to undertake a substantial portion of the construction costs, the Canadian Government might consider making up the balance. On the other hand, if British Columbia is unwilling to take this step, it is doubtful whether the Canadian Government would want to assume sole responsibility for the project. In either case, it is probably desirable to arrange a meeting with representatives of the United States Government, including Senator Magnuson, at which the positions of the Canadian and British Columbia Governments could be explained. If this is not done, there may be a risk of a press campaign in the United States charging us with lack of cooperation.

As a first step, you might write to the Premier of British Columbia on the general question of building the road and also on the advisability of arranging a meeting with Senator Magnuson and representatives of the United States Government.

Copies of this memorandum have been sent to Mr. Howe, Mr. Glen and Mr. Mackenzie.<sup>2</sup>

N. A. R[OBERTSON]

1026.

W.L.M.K./Vol. 411

*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-238

Ottawa, January 25, 1946

Reference our EX-174 of January 19th† and our despatch No. 61 of January 21st† dealing with Parsons' conversation with Macdonnell on the subject of constructing a Pacific Coast Highway to Alaska.

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

I agree.

<sup>2</sup> La note suivante était écrite sur ce mémorandum: <sup>2</sup> The following note was written on the memorandum:

Better be brought up in Council and discussed with Hart of B.C. when he is here.  
W. L. M[ACKENZIE] K[ING] 20-1-46

2. Please tell the State Department informally that the question has been considered at a meeting of the Cabinet. The Government is unable to agree to undertake the project in question since, in their opinion, no requirement has been established for a second highway to Alaska.

3. You should add that neither the proposal to establish a joint investigating commission nor the suggestion that Senator Magnuson come to Ottawa for discussions was regarded as practicable by the Government. It is clearly the feeling of Ministers that the whole project is so impracticable that no useful purpose would be served by pursuing the matter further at present, or for some time to come.

4. Should the United States Government feel obliged to embody their proposals in a formal Note, we should give the same answer in our reply. It would seem preferable to us, however, to keep the exchange of views on an informal basis.

1027.

DEA/48-FS-40

*Mémorandum du chef, la troisième direction politique*

*Memorandum from Head, Third Political Division*

[Ottawa,] March 6, 1946

TRUCKING-IN-BOND

I had a call today from Mr. S. L. Springsteen of Windsor who represents the Michigan Trucking Association and is Vice-President of the Canadian Transit Company which owns the Canadian share of the Detroit-Windsor Bridge.

Mr. Springsteen had no new arguments or evidence to present except that he had a number of recent letters from shippers stating that they were continuing to use trucks in preference to railroads, even though the longer south shore route had to be employed. A number of such letters were presented to the Joint Committee on customs procedures at its first meeting on February 5th, but as they were dated in the early part of January it was the feeling of Canadian officials that they would carry more weight if written after longer experience with the necessity of shipping via the south shore. It appears that such letters are continuing to come in and a good many substantial shippers are prepared to say that they have always used trucks and will always use trucks. This greatly weakens, if it does not demolish, any argument on the part of the railroads that they gain business across the Ontario peninsula if trucking-in-bond is prohibited.

Mr. Springsteen has also spoken to Mr. Sim. He is aware that the obstacles in the way of trucking-in-bond are primarily political and he is going to endeavour to convince the Cabinet Ministers most directly concerned of the desirability of trucking-in-bond. He claims that Mr. Paul Martin is prepared to support the proposal and that Mr. Howe has agreed not to oppose it.

1028.

DEA/5999-40

*Le ministre des Transports au Premier ministre**Minister of Transport to Prime Minister*

Ottawa, March 8, 1946

My Dear Prime Minister,

The Transport Controller has brought to my attention the difficult situation now existing in Canada with respect to railway freight movements by reason of the shortage of available box cars. This shortage has become critical by a progressive increase in the number of box cars held in the United States for freight movements within that Country. My information is that on March 1st there were 26,226 Canadian box cars in the United States which is an increase of 2,417 since February 1st. As against this number of Canadian box cars in the United States on March 1st, there were 16,111 United States box cars in Canada which shows an unfavourable balance against Canada of 10,115 box cars. As the total box cars owned by Canadian Railways is 112,801, you will see that this unfavourable balance of 10,115 is a large proportion.

The Canadian Railways have been operating under the handicap of the shortage of freight cars for some time, and will have to find a way to increase the supply of box cars on their western divisions if they are to take care of the heavy movements of grain and foodstuffs which are consigned for export.

Representations have been made by the Transport Controller to Col. J. M. Johnson, Director, Office of Defense Transportation, Washington, also to Mr. W. C. Kendall, Chairman, Association of American Railroads, Washington, but the response to the request from Canada for the return of Canadian box cars promptly has not met with the desired result. Mr. Kendall has taken action to deliver some substitute box cars to the Canadian Pacific Railway and the Canadian National Railways, but while this has brought some relief many of the substitute box cars are of a lower category rating and are not suitable for grain or high-class freight.

It appears that an order has been issued by the Inter-State Commerce Commission to the United States Railroads based on a directive from President Truman which, in effect, requires the United States Railroads to give preference over all other orders in supplying empty box cars for the movement of wheat, corn, meat and other essential foodstuffs for relief programs for exportation via United States ports on Atlantic, Pacific or Gulf Coasts.

It is the feeling of the Emergency Grain Transportation Committee that, in view of the Presidential message and the I.C.C. order, the inclination of the United States Railroads would be to retain Canadian highclass box cars as long as possible, which will no doubt mean that a portion of the United States' relief foodstuffs will be moved in Canadian box cars to United States ports for export.

This question of the return of Canadian box cars was referred to Mr. George McIvor, Chief Commissioner, Canadian Wheat Board, and he undertook to make his own representations to Mr. McVeigh of the State Department as otherwise Canada would not be able to fulfil its obligations under the joint relief program with the United States.

In the circumstances, I consider that the question of the prompt return of Canadian box cars is one of sufficient importance to be taken up with the United States Government on the diplomatic plane, and I would suggest for your consideration that representations might be made by the Canadian Ambassador in Washington to the United States Government with a view to having this unfavourable situation remedied. I believe that the Minister of Trade and Commerce will concur in this view.

Yours faithfully,

LIONEL CHEVRIER

1029.

PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

[Ottawa,] April 17, 1946

...

TRUCKING IN BOND; UNITED STATES-CANADA

13. THE MINISTER OF NATIONAL REVENUE, referring to the establishment in 1945 of a joint Canada-U.S. committee on simplification of customs procedures, reported that it had become evident that the main U.S. interest in this committee had been to obtain permission for trucking in bond across Canadian territory. Before the committee proceeded with further discussions, it would be necessary to reach some decision in order that Canadian representatives might be instructed.

The administrative problems involved could probably be met and the concession was regarded as of value to the United States. On the other hand, there was strong objection to such action on the part of Canadian railway employees and on the part of communities affected.

An explanatory note had been circulated.

14. THE CABINET, after considerable discussion, agreed that it was not possible at present to grant to the United States the concession of trucking in bond through Canadian territory.

...

1030.

DEA/48-FS-40

*Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre  
du Revenu national (Douanes et Accise)*

*Under-Secretary of State for External Affairs to Deputy Minister  
of National Revenue (Customs and Excise)*

Ottawa, April 23, 1946

With reference to the problem of trucking-in-bond, we have received from Mr. Parsons of the State Department and from the United States Embassy a number of affidavits and letters from shippers in the Detroit area, including large concerns such as the Ford Motor Company and The Dow Chemical Company. While some of these letters merely indicate in a general way the dissatisfaction of shippers at the slower service resulting from using the south shore route, the majority of the correspondence states clearly that the business in question is trucking business which will not be given to the railroads in any circumstances.

I had intended to send you copies of these affidavits and letters. However, I learned from the Cabinet Secretariat that the question of trucking-in-bond was discussed recently by the Cabinet who decided that it would be inexpedient to grant the privilege desired by the United States authorities. In the circumstances, it hardly seems worthwhile to have copies made of the shippers' submissions, though we will be glad to have this done if you would like copies for your records.

It is clear that the Cabinet's decision will affect the work of the Joint Committee on customs procedures and we should be grateful for your views as to the line that should be taken in approaching the United States Section.<sup>1</sup>

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

1031.

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*

TELEGRAM EX-1382

Ottawa, May 24, 1946

IMMEDIATE. The following press release was issued today by the Department of National Revenue for immediate use:

The Honourable J. J. McCann, Minister of National Revenue, announced today that during the present emergency the transportation of goods by motor

<sup>1</sup>La note suivante était écrite sur cette lettre: <sup>1</sup>The following note was written on the letter:

The representations which did not come from the U.S. Embassy were given to me by Mr. Parsons during the trip to Whitehorse for the taking over of defence projects. R. M[ACDONNELL]

truck will be permitted in bond to interior ports. In addition, United States trucks will be permitted to make use of the shorter routes through Canada from Sarnia and Windsor to Fort Erie and Niagara Falls carrying goods in bond.

1032.

DEA/48-S-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-2408

Washington, June 11, 1946

SECRET. Re your EX-1494 of June 8th<sup>†</sup> concerning the future activities of the Joint Canada-United States Committee on Customs Procedure, a memorandum<sup>†</sup> was left with the State Department this morning by Scott<sup>1</sup> in accordance with your instructions.

Parsons is on vacation but his assistant, King, who is familiar with this subject was keenly disappointed to learn that in our view the trucking-in-bond problem should be considered at the international discussions on trade and tariffs. This is the interpretation which King has put on that section of your EX-1494 reading as follows:

"Similarly in Canada it has been found impracticable to meet the United States request for trucking-in-bond without opening up a broad range of questions of Customs administrative procedure. The Canadian Government has not found it possible to permit trucking-in-bond at the present time except in emergencies since this problem cannot be considered apart from the general question of the revision of Customs administrative practices in both countries. The terms of reference of the Committee are not sufficiently comprehensive to cover this subject, and since it will be considered at the international discussions on trade and tariffs which will take place at a later date, it appears desirable that the Committee should not concern itself with this field."

King informed Scott that the above expression of opinion was anticipated as it conforms with the reports of discussions which officials of the United States Embassy in Ottawa had with Macdonnell.

King pointed out that if we insist on this point of view it would mean the trucking-in-bond problem would have to be left in suspense for probably another twelve months and that the State Department was finding it increasingly difficult to understand why, in the face of the mounting evidence they have accumulated, there should be continued resistance on our part to accede to their request for trucking-in-bond privileges.

It was, therefore, intimated that the State Department would be reopening this subject in the near future and, although King did not specifically say so,

<sup>1</sup> Le conseiller commercial, l'ambassade aux États-Unis.

<sup>1</sup> Commercial Counsellor, Embassy in United States.

it would seem reasonable to expect that the approach will be made through the United States Embassy in Ottawa.

As to prolonging the life of the Committee on the basis you suggested, leaving trucking-in-bond to be dealt with through other channels, King expressed the informal opinion, subject to further consideration by the Department, that if the Committee continued it would be on the basis that we desired to maintain its existence. While at first sight this attitude might appear inconsistent with the view which it is understood Parsons expressed to Macdonnell, namely, that the Committee should be kept alive for the time being as a face-saving measure, Parsons probably had in mind the trucking-in-bond problem. With this subject removed from the agenda, however, it is felt that Parsons is likely to become quite as indifferent as King regarding this Committee. In fact, he expressed himself along such lines informally to Scott in the course of a casual conversation some ten days ago.

In spite of the foregoing, however, King seemed to feel that one more meeting in Ottawa could probably be arranged for discussions to take place on the lines suggested by you. It was agreed, however, that there is no urgency about setting a date and in any case it seems obvious that the initiative will have to be taken by our side in view of the American indifference resulting from our attitude over the trucking-in-bond issue.

1033.

DEA/48-FS-40

*Le sous-ministre du Revenu national (Douanes et Accise)  
au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Deputy Minister of National Revenue (Customs and Excise)  
to Acting Under-Secretary of State for External Affairs*

Ottawa, June 17, 1946

Dear Sir,

It is noted from your letter of June 15th<sup>†</sup>, that Mr. Lewis Clark, Counselor of the United States Embassy, has spoken to you about the message received from Colonel J. M. Johnson<sup>1</sup> regarding an extension of trucking-in-bond beyond June 15th.

My Minister replied to Colonel Johnson in the following terms:

“Your teletype twelfth received Stop Our Government has not found it possible to permit trucking-in-bond at the present time except in emergencies since this problem cannot be considered apart from the general question of the revision of customs administrative practices in both countries.

J. J. McCann”

Yours faithfully,

D. SIM

<sup>†</sup> Le directeur, le bureau des transports pour la défense des États-Unis.

<sup>1</sup> Director, United States Office of Defense Transportation.

1034.

DEA/48-FS-40

*Le sous-secrétaire d'État associé aux Affaires extérieures  
au sous-ministre du Revenu national (Douanes et Accise)*

*Associate Under-Secretary of State for External Affairs  
to Deputy Minister of National Revenue (Customs and Excise)*

Ottawa, June 27, 1946

We have received renewed representations from the United States Government on the subject of trucking-in-bond in the form of an Aide-Mémoire left with me by the United States Ambassador. I enclose a copy, together with a copy of a note which has been sent to the Prime Minister.

R. M. MACDONNELL  
for the Associate Under-Secretary  
of State for External Affairs

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Aide-mémoire du gouvernement des États-Unis au gouvernement du Canada*

*Aide-Mémoire from Government of United States to Government of Canada*

June 19, 1946

The question of trucking-in-bond of goods of American origin to interior points in Canada and particularly the in-bond transit of goods by truck across the Ontario peninsula between points in the United States has long been under consideration by the Governments of the United States and Canada. During the war and as a temporary measure the Canadian Government permitted the in-bond transit of goods by truck across the Ontario peninsula between points in the United States, but terminated this authorization December 31st, 1945. During the months preceding this termination of the in-bond transit of goods by truck across the Ontario peninsula between points in the United States, the Government of the United States made several efforts to obtain the continuance of the traffic on a permanent basis. These efforts led to the creation last December of the Joint Committee for the Simplification of Customs Procedures at the Border, which was to consider the simplification of Customs procedures in general and trucking-in-bond in particular. It was generally conceded at that time that there were no technical obstacles to the trucking-in-bond in question and that the principal objection to the operation came from the railways, from labor and from local communities in the Ontario peninsula. It was, nevertheless, understood that the matter would be considered on its merits alone with no thought that a quid pro quo would be sought by the Canadian Government.

The memorandum of June 10, 1946,<sup>1</sup> on the subject of the Joint Committee for the Simplification of Customs Procedures at the Border, which was presented by the Canadian Embassy in Washington to the Department of State, throws a somewhat different light on the subject, however, in that it contains the following language: "The Canadian Government has not found it possible to permit trucking-in-bond at the present time except in emergencies since this problem cannot be considered apart from the general question of the revision of customs administrative practices in both countries." The import of this language seems clearly to mean that trucking-in-bond must be regarded as the most promising means at the disposal of Canada for inducing the United States to make certain changes in customs legislation, regulation and procedure, and that consequently it will be held in reserve for the trade and tariff negotiations scheduled for next year. In other words, it appears that the Canadian Government does now in fact desire a *quid pro quo* in return for permitting the trucking-in-bond of goods of American origin to interior points in Canada, and the in-bond transit of goods by truck across the Ontario peninsula between points in the United States.

It seems unnecessary to review in detail the history of the trucking-in-bond issue. Since the trucking industry attained maturity in the United States the failure of Canada to offer to this form of transportation non-discriminatory treatment as compared with railroads in the matter of in-bond transit has been a source of protest from substantial interests in the United States. That this failure imposed a handicap upon the most efficient utilization of the national resources of the United States was explicitly recognized when Canada, as part and parcel of the merging of the efforts of the two countries to obtain maximum production during the recent war emergency, temporarily granted the privilege of trucking-in-bond across the Ontario peninsula. Having thus publicly established that the most efficient utilization of the national resources of the United States required trucking-in-bond across the Ontario peninsula, it should be obvious that in the absence of proof of substantial harm to important Canadian interests the refusal to permit this operation in peacetime cannot fail to create hostility to Canada among some of the many interested American citizens.

In the discussions on this subject the United States accepted the obligation of presenting proof, both of its real interest and of the absence of substantial danger to Canadian interests. Considerable evidence collected to fulfil this obligation was presented to the Canadian Government through the medium of the Joint Committee for the Simplification of Customs Procedures. There has been no denial of the substantial interests of the United States in this matter, nor has there been any definite proof of injury to Canadian interests. On the other hand, evidence has been submitted indicating (1) that the present Canadian practice imposes a burden upon United States industry

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<sup>1</sup> Non reproduit. Le télégramme du 11 juin, document 1032, cite une partie de ce mémorandum.

<sup>1</sup> Not printed. The telegram of June 11, Document 1032, quotes part of the memorandum.

without affording compensatory benefits to any Canadian interest, and (2) that the charge that trucking-in-bond would be accompanied by a number of abuses was without foundation. The period of emergency trucking-in-bond from July 16, 1942, to December 31, 1945, has made it possible to speak with confidence on both these points. In the first place, there seems to be no doubt that the type of merchandise which travels by truck uses that form of transport whenever it is available, even though it means travelling by a longer route, whereas other kinds of goods are more suited to railway transport and are so handled regardless of the availability of allegedly rival means of transportation. Goods which prior to July 1942 moved from Detroit to Buffalo via Cleveland, during the emergency period moved directly across Ontario and are now again moving by the longer route. In the second place, no evidence has been submitted to refute the contention that the emergency experience proved the feasibility of control and administration. Charges that smuggling and other disorders would result did not materialize. Nor has it been charged that damage to the roads of Ontario was substantial, nor that the number of highway accidents was excessive. In short, there can be no substantiation for the allegation that responsible trucking companies with long experience of operation within the United States, able and willing to bear their fair share of any costs imposed by their operations upon the communities through which they operate, are a danger to Canadian interests.

In this connection it seems also pertinent to recall that the Hyde Park Agreement,<sup>1</sup> which operated so beneficially to the interests of both countries during the war emergency, was continued by an exchange of notes of May 7, 1945, and still remains in effect. In keeping with the spirit of that agreement the United States and Canada are pledged to coordinate their economies during the period of post-war rehabilitation. As recently as May 14, 1946, the Canadian Government invoked the Hyde Park Agreement to preserve its highly favorable position in the matter of the export allocation of United States-produced wheeled tractors. It would seem inconsistent to argue that an economic situation which will justify the United States in maintaining an arrangement which clearly discriminates against the rest of the world in the supply of wheeled tractors is yet so nearly normal that the Government of Canada should refuse to permit the resumption of trucking-in-bond between points in the United States. In making mention of this fact, however, there is no intention of associating the request for the recognition of trucking-in-bond solely with the Hyde Park Agreement or with any other emergency or temporary arrangement or condition. The principle embodied in the Hyde Park Agreement is nevertheless sound and apposite in respect of trucking-in-bond.

The Government of the United States believes that trucking-in-bond of goods of American origin to interior points in Canada and in-bond transit of goods by truck across Canadian territory between points in the United

<sup>1</sup> Voir Canada, *Recueil des traités*, 1941, N° 14.

<sup>1</sup> See Canada, *Treaty Series*, 1941, No. 14.

States should be permitted as a matter of justice and not in return for some other consideration. The denial of trucking-in-bond is a discrimination between forms of transportation which denies to the United States the most efficient utilization of its national resources. As such it constitutes a source of constant irritation, resulting in repeated protests from United States citizens whose interests suffer thereby. Accordingly, in the absence of any substantial Canadian interest to the contrary, it is believed by the Government of the United States to be a matter of no more than friendly cooperation between the two countries that trucking-in-bond be authorized on a permanent basis.

[PIÈCE JOINTE 2 / ENCLOSURE 2]

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

Ottawa, June 27, 1946

The United States Ambassador has left with me a long Aide-Mémoire on the trucking-in-bond situation, a copy of which is attached. I am sending copies also to the Deputy Minister of National Revenue (Customs and Excise) and to Mr. Heeney.

This question was raised by the Minister of National Revenue at the meeting of the Cabinet on April 17. The Cabinet agreed that it was not possible at present to grant to the United States the concession of trucking-in-bond through Canadian territory. This decision was communicated to the United States Government and they have renewed their representations in pretty vigorous language.

So far as can be judged from the evidence available, their principal arguments are sound. These are that:

1. The present Canadian practice imposes a burden upon United States industry without affording compensatory benefits to any Canadian interest.

A convincing case has been made by the truckers that no additional business accrues to the railroads (the chief opponents of trucking-in-bond) through our refusal to permit the practice. What happens is that goods continue to be shipped by truck at greater expense and inconvenience via the longer route from Detroit to Buffalo around the south shore of Lake Erie.

2. The practice does not give rise to abuses.

Our customs authorities are satisfied on the basis of wartime experience that trucking-in-bond presents no administrative difficulties and that compliance with all customs laws can be adequately secured.

This is an irritating problem of relatively little intrinsic importance to Canadian interests which has involved repeated representations from the United States over the years, and the Canadian position is difficult to justify. I wonder whether you might wish to bring the matter before Cabinet again with a view to disposing of one of the few points of condition [*sic*] between the Canadian and the United States Governments. There is a prospect that otherwise the Canadian Government will become the target of a campaign of press criticism in the United States with the matter also being raised in Congress.

N. A. R[OBERTSON]

1035.

PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

[Ottawa,] July 11, 1946

TRUCKING IN BOND; U.S. REPRESENTATIONS

9. THE SECRETARY, referring to the decision taken at the meeting of April 17th, reported that the Department of External Affairs had received further representations from the U.S. government.

Reference had been made by the U.S. Embassy to the continuation of the Hyde Park Agreement and its application also to the handicap placed upon U.S. industry by the refusal to permit trucking privileges, and to the discrimination shown by Canada in favour of the railways.

The United States suggested that trucking in bond should be permitted as a matter of justice and not in return for any other consideration, and that the granting of the privilege would not harm any Canadian interests.

An explanatory note had been circulated.

(Secretary's memorandum, July 5, 1946—Cabinet Document 244)†

10. MR. HEENEY pointed out that the question of U.S. trucking in bond had arisen in connection with movement between United States and Alaska over the Alaska Highway and movement into and from Alaska over the Haines Cut-Off and had been made the subject of the forty-seventh recommendation of the current report of the Special Commissioner for Defence Projects in Northwest Canada.

(Special Commissioner's report, June 30th, 1946).†

11. THE CABINET after discussion, deferred further consideration of this item.

1036.

DEA/48-FS-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*

TELEGRAM WA-2763

Washington, July 11, 1946

Referring to my WA-2408 of June 11th concerning the future activities of the Joint Canada-United States Committee on Customs Procedure. The following memorandum, dated July 9th, has been received from the Department of State:

"The Department of State has considered the matters discussed in the Canadian Embassy's memorandum of June 10th. The Embassy's memorandum dealt with the future of the Joint Committee on Customs Procedure and with the subject of the United States request for trucking-in-bond.

"The interested authorities of this Government agree with the Canadian point of view that, in the light of its achievements to date, the principal value of the Committee lies in the opportunity afforded to the two customs services to meet and consider problems of mutual interest. This being the case, the State Department is inclined to the opinion that, rather than maintaining a Joint Committee with inter-departmental representation for the purpose, simpler arrangements might be made. The State Department would be glad to promote at any time direct contact between the Commissioner of Customs, and the Deputy Minister for Customs and Excise, or their representatives, on administrative matters of mutual interest. However, the Department notes with pleasure that the United States Section may expect to receive an invitation to meet with the Canadian Section in Ottawa at a later date and it is disposed to await the recommendations of the Committee itself before finally determining its attitude with respect to the continuation or termination of the Committee's existence.

"The problem of trucking-in-bond has been the subject of renewed representations by the United States Ambassador in Ottawa under instruction from the Department. While it is believed preferable to confine the present discussions of the subject to that channel, the relationship of the Committee to the subject seems worthy of comment in view of statements contained in the Embassy's memorandum under acknowledgment.

"The formation of the Committee was directly related to the long standing problem of trucking-in-bond. Its creation was first suggested by a Canadian official as a possible means of viewing trucking-in-bond in a context inclusive of other problems. It was the understanding of the Department of State that this context was conceived as being solely at the administrative level. The agreed press releases of the Committee and all communications

between the Department of State and the public have maintained this conception. It was believed that the Department of External Affairs had taken a similar line. It would appear, therefore, that the position now taken by the Canadian Government in the memorandum under reference constituted a departure from the position taken when the Committee was set up, since it is now maintained that trucking-in-bond cannot be considered except in a new context in which changes necessitating United States legislative action are envisaged. The reference in this connection to "regulations in long standing" does not alter this conclusion, it being evident that such regulations are regarded as little less susceptible of alteration than the law itself.

"The Department of State cannot but regret that the Canadian Government has seen fit to adopt this position. It should be unnecessary to repeat that, in the view of this Government, the denial of trucking-in-bond is open to strong objection solely on its merits. It constitutes discrimination between forms of transportation which, in view of the fact that United States practice accords equal treatment to all forms of transportation, is difficult for United States citizens to understand, and which, since no substantial Canadian interest has been shown to have been benefitted thereby, places an unreasonable burden on the most efficient utilization of United States resources. This it does by in fact lengthening the routes travelled between points in the United States for certain types of merchandise which normally are transported by truck. Further, it constitutes failure on the part of Canada to reciprocate in a privilege from which Canada indubitably derives benefit, namely the allowing of trucking-in-bond across the United States and into the United States to interior customs ports of entry.

"The implication in the Canadian Embassy memorandum under reference, that trucking-in-bond will be thrown into the negotiations preliminary to the Trade and Tariff Conference scheduled for next year, cannot fail to add to the concern of the Department of State. Such a possibility necessarily envisages a long delay in the settlement of an issue already long overdue for settlement. The United States adheres firmly to the opinion that trucking-in-bond is a local Canadian-American problem arising out of the geographical relationship of the two countries, having the peculiar characteristic that its primary effects are upon the internal trade of the United States and, as such, should be settled on its own merits. This course has been proven by experience to be in the best interests of the two peoples. The alternative course by which settlement of a local problem is withheld to force a concession on some other unrelated problem is difficult to defend on grounds of equity. Such a course would be, moreover, at variance with the spirit of the Hyde Park Agreement to which both countries are pledged. It would lead away from the high degree of cooperation developed in recent years and encourage instead the consideration of local problems in the light of possible retaliatory measures."

1037.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

Ottawa, July 17, 1946

. . .

## TRUCKING IN BOND; U.S. REPRESENTATIONS

5. THE ASSISTANT SECRETARY, referring to the discussion in Cabinet on July 11th, 1946, reported that further communications making reference to this matter had been received from the United States through the Canadian Embassy in Washington.

In addition to repeating arguments already advanced, attention had been drawn to the fact that the United States had granted to Canada the privilege of trucking in bond across U.S. territory and to U.S. interior ports of entry, and additional reference had been made to the importance to the United States of similar privileges in the Canadian northwest.

(Teletypes, Nos. WA-2763, WA-2782, † Canadian Ambassador, Washington, to External Affairs, July 11, 1946, July 12, 1946).

6. THE CABINET, after discussion, noted this report and agreed that no change should be made in existing policy.

. . .

1038.

DEA/48-FS-40

*Mémorandum du cabinet du Premier ministre**Memorandum by Office of the Prime Minister*

SECRET

[Ottawa,] July 20, 1946

At the meeting of Cabinet on July 17th, the question of trucking in bond across Southern Ontario was considered. After discussion, the Cabinet agreed that no change should be made in existing policy.

R. G. R[OBERTSON]

1039.

DEA/48-FS-40

*Mémorandum du chef, la troisième direction politique, au sous-secrétaire d'État par intérim aux Affaires extérieures**Memorandum from Head, Third Political Division, to Acting Under-Secretary of State for External Affairs*

[Ottawa,] July 24, 1946

## TRUCKING IN BOND

I attach for approval a brief and unsatisfactory Aide-Mémoire<sup>1</sup> in reply to the one presented by the United States Embassy on June 19. I find from

<sup>1</sup> Voir le document suivant.<sup>1</sup> See following document.

Mr. Baldwin that none of the Cabinet's objections to trucking-in-bond are suitable for inclusion in diplomatic correspondence and it seems preferable to return a blunt negative than to attempt to invent further reasons for our refusal. In our discussions with the United States Embassy and the State Department we will have to continue to point out that lumping the trucking-in-bond question with the Customs side of the International Trade talks is the only way in which progress can be made and that too much in the way of high pressure representations may defeat its own ends.

If you agree,<sup>1</sup> I will give the Aide-Mémoire to Lewis Clark with a word to this effect.<sup>2</sup>

R. M[ACDONNELL]

1040.

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*

TELEGRAM EX-1859

Ottawa, July 25, 1946

Your WA-2782 of July 12† and previous correspondence on trucking-in-bond.

1. Following Cabinet consideration, an Aide-Mémoire was sent to the United States Embassy today in the following terms:

QUOTE: In an Aide-Mémoire dated June 19 the United States Embassy communicated certain views with respect to the question of trucking-in-bond across the Ontario peninsula. These views were submitted to the appropriate Canadian authorities.

After consideration, the Government has reached the conclusion that no change should be made in existing policy which contemplates that this problem will be reviewed at a later date in connection with other Customs administrative practices. UNQUOTE.

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

OK H. W[RONG]

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

<sup>2</sup> The following note was written on the memorandum:

Done with Mr. Dow, in Mr. Clark's absence. R. M[ACDONNELL] Pol III July 25

1041.

DEA/463-AF-40

*Le commissaire spécial aux projets de défense dans le nord-ouest du Canada  
au secrétaire du Cabinet*

*Special Commissioner for Defence Projects in Northwest Canada  
to Secretary to the Cabinet*

Edmonton, September 14, 1946

Dear Mr. Heeneey,

RE: SHIPMENT OF GOODS IN BOND OVER THE ALASKA HIGHWAY

1. It is again desired to bring to your attention the Customs regulations which apply to through traffic to Alaska. That country is suffering from a shortage of shipping and it is felt that Canada might well take steps which would allow fuller use of the Alaska Highway as a carrier. This would undoubtedly help Alaska at a time when such help is most needed. The development of better transportation facilities to Alaska would reflect benefit upon the Canadian Northwest.

2. In my June report for June 1946, page 730, Recommendation No. 47, I mentioned the advisability of framing regulations to permit bonded traffic by road. In the light of present developments that recommendation was probably not broad enough, as it mentioned only transportation companies: it is possible that private individuals may require help.

3. The wartime provisions for the trucking of bonded merchandise have expired. A Customs Memo D (revised 1946), Section 7, "Carrying Goods in Transit Only", might possibly be made to apply to the Alaska Highway, but local Customs officers think this very doubtful. It may therefore be said that it is not permitted, without special authority, to truck bonded goods through Canada from one part of the United States to another.

4. It would seem that these regulations are working a hardship on the Alaskans. The agreement between the United States and Canada was that the Highway would be used freely and equally by both peoples. It is suggested that, to honour fully the spirit of this agreement, Canada might well be prepared to permit the passage over the Highway of bonded goods.

5. I have said that coastwise traffic is still inadequate to the needs of Alaska, and it is felt that it will be some time before there are enough of the right type of ship to fill all needs. The smaller coastwise ships can take the inner channel to Skagway: their cargoes must then go by road through Canada. To reach the ports of Anchorage and Valdez requires ships capable of sailing the very bad open waters of the northern Pacific, and there is little such shipping in that area now. I am told that the state of U.S. shipping to Alaska is chaotic. The Highway will always be useful for the through shipment of certain goods, its free use today would undoubtedly bring great relief to the people of the North.

6. Examples of goods, other than settlers' effects, which cannot pass under the present regulations, are:

A mechanic moving to Alaska wishes to take with him his tools and his shop equipment.

A manufacturer in the U.S. wishes to truck crated aircraft to Fairbanks for assembly. Through trucking will save the great possibility of damage in the several transshipments of the water route.

Transportation companies wish to truck refrigerated fruits and vegetables, by a quick route to Alaska.

7. Memo D, Section 7, mentioned in para. 2 appears to allow through bonded traffic in areas not served by railways. It might be argued that this condition applies. There are, however, railways as far as Dawson Creek, there is rail traffic into Whitehorse and to Fairbanks, so no doubt any discussion as to the applicability of this Section 7 would be lengthy.

8. It is therefore recommended that consideration be given to allowing bonded traffic on the Alaska Highway and the Haines Road. As a full study of this question will take time it is proposed that temporary arrangements be put into force as soon as possible, as a measure of relief to Alaska. All the factors can then be studied with a view to drafting final regulations.

Yours truly,

L. H. PHINNEY

1042.

DEA/463-AF-40

*Le secrétaire du Cabinet au commissaire spécial aux projets  
de défense dans le nord-ouest du Canada*

*Secretary to the Cabinet to Special Commissioner  
for Defence Projects in Northwest Canada*

Ottawa, September 20, 1946

Dear Mr. Phinney,

I have discussed with the Department of External Affairs your letter of September 14th, concerning shipment of goods in bond over the Alaska Highway.

This question raises a number of difficulties, as it must be considered in connection with trucking-in-bond in other parts of Canada, particularly in southern Ontario. The problem as it affects that area has been under active consideration by the Cabinet in recent months. As you may know, the practice was allowed during wartime by virtue of an Order-in-Council passed in 1942, but the privilege was withdrawn at the end of 1945.

Representations were made by the United States Government to have the privilege established on a peacetime basis. After considerable discussion it was decided that trucking-in-bond could not be considered apart from the general question of customs administrative practices in both countries. A

decision has therefore been deferred for the present. It is possible that some progress will be made during the multilateral discussions on international trade and tariff policies which will soon begin.

In view of this, you will appreciate that to allow shipment in bond over the Alaska Highway while denying the right in other areas of the country would place the Government in a very difficult position. Consequently, I think that all that can be said at present is that the matter of shipment in bond over the Alaska Highway will be kept in mind when the general problem of trucking-in-bond is given further consideration.

Yours sincerely,

A. D. P. HEENEY

1043.

C.D.H./Vol. 97

*Mé morandum du secrétaire adjoint du Cabinet au ministre  
de la Reconstruction et des Approvisionnements*

*Memorandum from Assistant Secretary to the Cabinet  
to Minister of Reconstruction and Supply*

Ottawa, October 11, 1946

INTERNATIONAL CIVIL AVIATION; RELATIONS WITH THE UNITED STATES

Mr. Roper, the U.S. Civil Air Attaché, called on me yesterday to make certain informal inquiries which had obviously been sent on to him from the State Department in Washington.

I attach herewith certain notes on the points which he raised, some of which are of considerable importance:

Agreement with Mexico  
Canada-West Indies agreement  
Revision of Canada-U.S. air agreement

J. R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

*Mé morandum du secrétaire adjoint du Cabinet*

*Memorandum by Assistant Secretary to the Cabinet*

Ottawa, October 11, 1946

AGREEMENT WITH MEXICO

Mr. Roper stated that the U.S. had learned from Mexican sources that a bilateral agreement was likely to be concluded between Mexico and Canada in the near future and asked whether this was true. I informed him that the position as far as I knew it was that last winter, as he knew, the Mexican government had asked for permission for a Mexican airline to land in Canada.

We had at that time informed Mexico that prior to the operation of any specific airline from Mexico to Canada there must be a bilateral agreement between the Mexican and Canadian governments and that we would be prepared to discuss this with appropriate Mexican representatives; and that we had heard nothing further from Mexico since that time.

Mr. Roper then referred to the aviation discussions between Mexico and United States which broke down some weeks ago and attempted to find out whether, in the event that an approach was made, Canada would proceed with discussions with Mexico, and if so, whether we would enter into a bilateral agreement with Mexico based on division of services, quotas, etc., i.e. the points which United States had refused to accept when proposed by Mexico. He was obviously suggesting that the United States would not like Canada to go ahead with an agreement with Mexico before the United States did, and if this did happen the U.S. would be even more irritated if we did sign an agreement including principles along the lines of those contained in our present agreement with the U.K., since the U.S. had refused to accept these principles when proposed by Mexico.

I informed Mr. Roper that as far as I knew our offer to discuss the matter with Mexico was still open and if they approached us we would presumably give consideration to the appropriate time and place for these discussions; at that time we would also consider the form of bilateral agreement which seemed appropriate to suit the circumstances.

This raises a policy question which I think we will have to settle shortly, i.e. are we henceforth to accept the formula of the Annex to the U.K.-U.S. Bermuda agreement for all our future bilateral agreements, or are we to follow such form as may seem appropriate to the individual treaty under consideration even if this means a more rigid control than that in the U.K.-U.S. agreement. The U.S. obviously wants all nations to accept the Bermuda formula but I see no reason why we should commit ourselves at present, even though the United Kingdom has given in to the U.S. on this matter. Nor can I see why, if a foreign country wants to have an Annex similar to that in our present agreement with the U.K. providing for equal division of frequencies, we should refuse to accept it unless it is considered that the danger of irritating the U.S. by this action is so great that we would harm our own civil air relations with the U.S.

In view of this situation, there may be some merit in trying to clear up our bilateral agreement with the U.S. before tackling some of these other agreements.

#### REVISION OF CANADA-U.S. AIR AGREEMENT

Mr. Roper said that, having heard that the State Department would wish to reopen the Canada-U.S. agreement at an early date, he was trying to obtain official information on this point; I would not be surprised if the matter was raised with us this month or next month with a request for early discussions. He was obviously trying to ascertain what the reaction of the

Canadian government would be to a suggestion from the United States that the present Canada-U.S. agreement be amended to conform with the present U.K.-U.S. Bermuda agreement; this would mean primarily a revision of the Annex to the present Canada-U.S. agreement to make it conform with the U.K.-U.S. Annex, which contains certain principles to govern the operation of international air services.

He made it clear, as well, that the U.S. would hope at the same time that the Annex would be changed as far as specific routes were concerned, to give the United States fifth freedom<sup>1</sup> rights in Canada and Canada fifth freedom rights in the United States. I did not press him for information on this point but I gathered that they might like to ask for fifth freedom rights for one air service crossing Eastern Canada and one air service crossing Western Canada (presumably in addition to any rights already exercised by Pan American).

I see no objection to inclusion of the principles of the U.K.-U.S. Annex in our agreement with the United States if they so desire, but in this connection we will probably have to consider the point raised in my earlier note on agreement with Mexico, i.e. whether we would commit ourselves to use this form in all other agreements. Further, we will also have to determine what our position will be regarding fifth freedom rights. Offhand, I would be inclined to say that if the United States would grant us fifth freedom rights in New York and in Honolulu in return for fifth freedom rights for one American airline at Montreal and one American airline at Edmonton (these fifth freedom rights possibly to exclude the carriage of traffic between Canada and the United States but to apply on all other fifth freedom traffic) we would get the best of the bargain; my fear would be that the United States might want more than this.

#### CANADA-WEST INDIES AGREEMENT

Mr. Roper said that the State Department feared that the agreement covering Canadian service to Bermuda and the West Indies would be a monopoly agreement excluding all other services. I pointed out that this was not true and that all that was happening was that in accordance with the Chicago standard formula Bermuda was asking Canada to exercise for it rights granted to Bermuda under the agreement for a specific term of years; this would have no bearing on service which other countries wished to operate in Bermuda.

Mr. Roper then asked whether a rumour that the Canadian government would object to carriage of traffic between Montreal and Bermuda by Colonial Air Lines was true. I stated that as far as I knew, if Colonial Air Lines by agreement with Bermuda, obtained permission to operate a service between New York and Bermuda we should scarcely be in a position to object to the carriage of traffic by Colonial from Montreal to New York

<sup>1</sup> Voir la note 3, document 323.

<sup>1</sup> See note 3, Document 323.

on its present line and on from New York via its new service to Bermuda any more than the United States could object to carriage of traffic via T.C.A. from Chicago to Montreal and then on to London. I did say, however, that we would undoubtedly object if Colonial wished to operate a direct service from Montreal to Bermuda as distinct from the two separate operations, Montreal to New York and New York to Bermuda.

1044.

DEA/463-AF-40

*Le consul général à New York au secrétaire d'État par intérim  
aux Affaires extérieures*

*Consul General in New York to Acting Secretary of State  
for External Affairs*

TELEGRAM 59

New York, October 29, 1946

Following for Phillips from Macdonnell, Begins: We have noticed press references to the campaign which Senator Magnuson is waging with respect to trucking in bond on the Alaska Highway.

I do not remember whether this point is mentioned in the files, but Keenleyside states positively that the question of trucking in bond was discussed in the Board when the Alaska Highway project was first considered.<sup>1</sup> There was agreement on both sides that the formula eventually arrived at for non-discriminatory use of the highway by United States civilian traffic did not include trucking in bond. The understanding was that the highway would be open to United States vehicles on exactly the same basis as any other part of the Canadian highway system, which obviously did not then and does not now include trucking in bond. Keenleyside discussed this thoroughly with Hickerson at the time and feels confident that the latter will have the same recollection. Ends.

1045.

DEA/463-AF-40

*Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre adjoint  
du Revenu national (Douanes)*

*Under-Secretary of State for External Affairs to Assistant Deputy Minister  
of National Revenue (Customs)*

CONFIDENTIAL

Ottawa, October 29, 1946

Dear Mr. Young,

Confirming our telephone conversation of a few moments ago, I am sending you herewith a copy of a memorandum<sup>2</sup> prepared by our Legal Division on

<sup>1</sup> La CPCAD avait étudié pour la première fois le projet de la grand-route de l'Alaska en 1940. M. Keenleyside était alors le secrétaire de la section canadienne et M. Hickerson était le secrétaire de la section américaine.

<sup>1</sup> The PJBD first considered the Alaska Highway project in 1940. Mr. Keenleyside was then Secretary of the Canadian Section and Mr. Hickerson was Secretary of the American Section.

<sup>2</sup> Voir le document 1047.

<sup>2</sup> See Document 1047.

"Trucking-in-bond on the Alaska Highway". The basic agreement referred to in this memorandum is, no doubt, in your files. The supplementary exchange of notes is enclosed herewith.<sup>1</sup>

In view of the exchange of notes between the Canadian and United States Governments of April 10th, 1943,<sup>1</sup> I think you will agree that the United States authorities have some ground for the complaint which they are making, and which I referred to over the telephone. Certainly we should not make any public statements on this matter which cannot be substantiated by the terms of the Agreements.

When the United States Ambassador saw me about this matter yesterday, he emphasized the anxiety of his Government to get the question cleared up quickly and in a way which would carry out the agreements between the two Governments. He added that the United States authorities would propose as entry points for the exercise of this trucking-in-bond privilege, the following: Eastport, Idaho; Kingsport, Alberta; Lauriette Pass, Montana; Coutts, Alberta. I told Mr. Atherton yesterday that we would try to get this question settled one way or the other as soon as possible. I would be glad, therefore, to receive the views of your Department concerning it at the earliest possible date.

Yours sincerely,

L. B. PEARSON

1046.

DEA/463-AF-40

*Le sous-ministre adjoint du Revenu national (Douanes)  
au sous-secrétaire d'État aux Affaires extérieures*  
*Assistant Deputy Minister of National Revenue (Customs)  
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, October 30, 1946

Dear Mr. Pearson,

This will acknowledge receipt of yours of yesterday's date, enclosing memorandum prepared by your Legal Division on Trucking in Bond on the Alaska Highway, together with copies of the supplementary exchange of notes, copies of which were not on our files.

In the circumstances, it is the opinion of the Department that we must accept the interpretation of the basic agreement as contained in the exchange of notes in April 1943.

Accordingly, we are proceeding by way of a recommendation to Council for the establishment of the privilege of the transportation of goods in bond by motor vehicle over the Alaska Highway by routes entering Canada via (a) Eastport, Idaho, and Kingsgate, B.C., and (b) Sweetgrass, Montana, and

<sup>1</sup> Voir Canada, *Recueil des traités*, 1943, N° 17.

<sup>1</sup> See Canada, *Treaty Series*, 1943, No. 17.

Coutts, Alberta, (these names differ from those cited in your letter but they are the proper names for the Canadian and United States frontier ports of entry at the ports indicated.)

It is our hope that this recommendation to Council will be prepared this afternoon ready for the Minister's signature in the morning, so that it may be presented to Council at its meeting to-morrow, Thursday, October 31st.

Yours faithfully,

P. L. YOUNG

1047.

DEA/463-AF-40

*Mémorandum du ministère des Affaires extérieures au Cabinet*

*Memorandum from Department of External Affairs to Cabinet*

CONFIDENTIAL

[Ottawa,] November 4, 1946

TRUCKING-IN-BOND ON THE ALASKA HIGHWAY

On October 28th the United States Ambassador to Canada made strong oral representations to the Under-Secretary of State for External Affairs on the subject of trucking-in-bond on the Alaska Highway, contending that the terms of the agreements which were signed when construction of the road was undertaken gave to the United States permanent trucking-in-bond privileges on the Highway in the postwar period.

This interpretation has been examined by the Department of External Affairs and the Department of National Revenue. The basic agreement is the exchange of notes of March 17 and 18, 1942,<sup>1</sup> which states in part:

"3 (d) Agreed that at the conclusion of the war that part of the Highway which lies in Canada shall become in all respects an integral part of the Canadian highway system, subject to the understanding that there shall at no time be imposed any discriminatory conditions in relation to the use of the road between Canadian and United States civilian traffic.

4 (b) [The Canadian Government agrees] [*sic*] to waive import duties, transit or similar charges on shipments originating in the United States and to be transported over the Highway to Alaska, or originating in Alaska and to be transported over the Highway to the United States;" (The remaining five paragraphs of Section 4 all relate to the construction period.)

A strict legal interpretation of this agreement taken by itself would not give the United States the right in the postwar period to send trucks in bond to or from Alaska. However, a further exchange of letters of April 10, 1943,<sup>2</sup> clearly assumed that both the paragraphs quoted above extended to the post-

<sup>1</sup> Voir Canada, *Recueil des traités*, 1942, N° 13.

<sup>1</sup> See Canada, *Treaty Series*, 1942, No. 13.

<sup>2</sup> Voir Canada, *Recueil des traités*, 1943, N° 17.

<sup>2</sup> See Canada, *Treaty Series*, 1943, No. 17.

war period. These letters also make it clear that the United States was assumed to be entitled by the original agreement to have postwar trucking-in-bond rights on the Alaska Highway. The following appears in a letter of April 10, 1943, from the Under-Secretary of State for External Affairs to Mr. Lewis Clark of the United States Embassy:

“ I have received your letter of April 10th, on the question as to whether the two phrases (quoted above) found in the American-Canadian exchange of notes of March 17-18, 1942, regarding the postwar use of the Alaska Highway, apply equally to the use of the existing Canadian highways which would have to be used in order to reach the southern terminus of the Alaska Highway from the United States.”

.....

“You have stated in your letter that although it was originally intended that most of the traffic over the Alaska Highway would be routed to Dawson Creek, British Columbia, by railway, it has been found expedient to send certain vehicles and transport certain supplies by highway from the United States to Dawson Creek en route to Alaska. My Government agrees that it is the natural inference from the language quoted above that United States vehicles should be allowed to use the roads leading from the boundary to the Alaska Highway under conditions and for purposes similar to those governing the use of the highway itself. (It may prove necessary, however, for administrative reasons, to designate certain specific roads to be used in this way. It would not be practicable, for example, that United States trucks should be able to enter Canada at any point and still receive bonding privileges on the assumption that they intend eventually to proceed along the Alaska Highway to United States territory).”

In the opinion of the Legal officers of the Department of External Affairs, the combined effect of the exchange of notes, 1942, and the interpretation placed thereon by the subsequent exchange of letters referred to above is to establish the right of the United States to enjoy trucking-in-bond privileges on the Alaska Highway.

A review of the relevant Cabinet records does not indicate that the subject of trucking-in-bond was specifically considered by the Cabinet War Committee when it approved the exchange of notes on March 5, 1942, or when it approved a supplementary exchange of notes on March 23, 1943.

During the war years the Canadian Government granted the right to truck in bond in certain parts of Ontario, but this right lapsed when the Order-in-Council under which it had been granted expired on December 31, 1945.

As a result of a recommendation made by the Joint U.S.-Canada Committee on simplification of customs procedure, the Cabinet considered the general problem of trucking-in-bond on April 17, 1946, and reached the decision that no trucking-in-bond privileges could be granted at present. This decision was twice reviewed during the month of July as a result of the representations received from the United States Government referred to

above, and on July 17 Cabinet confirmed the decision reached on April 17. In these Cabinet discussions during July, while specific reference was made to the question of trucking-in-bond on the Alaska Highway, no consideration was given to commitments which might arise out of the 1942-1943 exchanges.

1048.

DEA/463-AF-40

*Mémorandum de la troisième direction politique au sous-secrétaire d'État  
aux Affaires extérieures*

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

[Ottawa,] November 4, 1946

## TRUCKING-IN-BOND ON THE ALASKA HIGHWAY

I informed Mr. Lewis Clark by telephone this morning that the designation of Sumas, Washington, Noyes, Minnesota, and Portal, North Dakota as ports of entry for trucking-in-bond on the Alaska Highway is out of the question at present. Mr. Clark agreed that Noyes was not a very reasonable port. He said that the Department of the Interior anticipated that a large proportion of the trucking would go through Portal if it were designated as a port of entry. I said that it was felt that even Portal, which is more than five hundred miles east of Lethbridge, is contrary to the spirit of the exchange of letters of April 10, 1943. I suggested that if there were a large volume of trucking from North Dakota it might reasonably use United States roads and enter Canada at Coutts, Alberta, rather than make extensive use of Saskatchewan roads. He did not contest this view. Mr. Clark admitted that the nomination of Sumas was done for political reasons, looking to the time when the British Columbia government had put through a good connecting highway. I suggested that, under these circumstances, Sumas should be considered when the B.C. highway is completed. He agreed that this was reasonable, but suggested that some mention should be made in our press release of the ports of entry. He felt that Eastport and Sweetgrass should be mentioned and a statement included to the effect that consideration might be given to other towns as conditions warrant.

I outlined this conversation to Mr. P. L. Young who is in complete agreement with the position which we have taken. He said that when the British Columbia highway is put through it would be reasonable to allow Sumas to be used as a port of entry, but at present it would be foolish. He agreed to a statement in the press release along the lines suggested in the previous paragraph.

Accordingly, I attach, together with our press release,† a separate paragraph† dealing with ports of entry. If you approve of its insertion it might be put at the end of the statement. The only changes which I have made in Mr. Clark's release are the deletion of the phrase, "when they (the U.S.)

were in control of the road", and the addition of one sentence and the alteration of another in order to emphasize that the road is not now open for unrestricted traffic. The remaining changes are merely in form.

R. A. J. PHILLIPS

1049.

PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

Ottawa, November 5, 1946

...

U.S. TRUCKING IN BOND; ALASKA HIGHWAY

11. THE PRIME MINISTER, referring to the discussion at the meeting of July 17th, reported that representations had been received from the U.S. Ambassador to the effect that the agreements entered into between the Canadian and U.S. governments in 1942 and 1943 with respect to the construction and use of the Alaska Highway gave the United States permanent trucking in bond privileges on the Highway.

The Departments of External Affairs and National Revenue, upon examination of the relevant documents, had reached the conclusion that the United States must be assumed to be entitled to postwar trucking in bond privileges on the Alaska Highway. The terms of the exchange of notes and subsequent correspondence had not been considered when the question had been before the Cabinet on previous occasions.

Accordingly, it would appear necessary to admit the U.S. contentions on the subject and a draft press announcement had been prepared for joint release by the two governments; this was submitted for consideration.

An explanatory memorandum had been circulated. (External Affairs memorandum—Cabinet Document 3217 and draft press release, † November 4, 1946)

12. THE CABINET, after discussion:

(a) agreed that, in the circumstances, authorization be given for the shipment of goods in bond between points in the United States and Alaska over the Alaska Highway and connecting roads under appropriate regulations by the Minister of National Revenue; and an Order in Council be passed accordingly; and,

(b) approved a joint announcement along the lines of the draft statement submitted by the Prime Minister, subject to the inclusion of appropriate reference to the regulatory authority of the Minister.

...

1050.

DEA/9330-40

*Le ministre de la Reconstruction et des Approvisionnements  
au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Reconstruction and Supply to Under-Secretary of State  
for External Affairs*

Ottawa, November 9, 1946

Dear Mr. Pearson,

Mr. Roper, of the United States Embassy, has phoned me on two or three occasions, pressing for a meeting at Washington to discuss civil aviation matters with a view to revision of the Canada-U.S. agreement. Mr. Roper has now suggested that December 2nd would be a suitable date for a meeting to be held in Washington.

While Canada is not particularly anxious to revise the Canada-U.S. agreement at this time, I think that we should meet our friends in the U.S. in their desire to discuss the situation. Provided the Department of External Affairs is in agreement and is prepared to send a representative on the date mentioned, I will advise Mr. Roper that an invitation from the State Department to External Affairs will be accepted.

I will appreciate an early reply giving your views.

Yours sincerely,

C. D. HOWE

1051.

C.D.H./Vol. 97

*Mémoire du secrétaire adjoint du Cabinet au ministre  
de la Reconstruction et des Approvisionnements*

*Memorandum from Assistant Secretary to the Cabinet  
to Minister of Reconstruction and Supply*

Ottawa, November 13, 1946

In an attempt to clear my own mind with regard to the various points which may arise in the aviation talks with the U.S. on further exchanges of traffic rights, I have prepared the attached memorandum; its conclusions may need considerable revision but I thought it might be useful as a starting point for discussion for yourself and Mr. Symington to at least have something on paper.

J. R. B[ALDWIN]

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du secrétaire adjoint du Cabinet**Memorandum by Assistant Secretary to the Cabinet*

[Ottawa,] November 12, 1946

CANADA-U.S. CIVIL AVIATION; REVISION  
OF THE PRESENT BILATERAL AGREEMENT

In the forthcoming conversations the United States is likely to suggest an exchange of fifth freedom rights. We have, however, no indication whether they will suggest many changes in the present pattern of trans-border services, which are all third and fourth freedom routes; we do know of their desire to extend the present Great Falls-Lethbridge service of Western Air Lines on to Calgary and Edmonton.

On the assumption that some discussion of the present Canada-U.S. routes will take place we should assess the changes that might be sought by each country in the present division of trans-border routes and the fifth freedom rights for through international services which might be exchanged.

## BORDER CROSSINGS

There are no new routes which could usefully be opened up at present. Any changes, then, come down to the opening up of present routes for competitive operations by the services of both countries, and to the extension of present routes farther into one or the other country.

In any opening of routes for competitive operations, the main benefits to Canada would be on the Montreal-New York route and on the Vancouver-Seattle route which would become more valuable if extended farther into the United States.

There might also be some benefit in permission for T.C.A. to operate on the Winnipeg-Minneapolis route although I think this would probably depend at present on whether this route could be extended to Chicago, allowing T.C.A. to develop a Winnipeg-Chicago-Toronto triangular service.

Of the border routes which the United States operates at present, I can not think of others which T.C.A. would wish to operate for some time, although it is possible that in the long run the Boston-Montreal run might be useful.

NOTE (Vancouver to Honolulu might be considered a trans-border third and fourth freedom route but since it forms one leg of a Pacific route I deal with it later when the fifth freedom is discussed.)

The U.S. on the other hand would find it a definite advantage to get a direct Toronto-New York service and while neither Toronto-Cleveland nor Toronto-Chicago have yet proven heavy traffic lines for T.C.A., I think it is quite possible that at least the latter will develop substantially while one U.S. airline has shown a definite interest in the former. The U.S. might gain

considerably in the future if it were allowed to operate on these routes. Off-hand, I believe that the result of a general opening of all trans-border routes to operation by the lines of both countries might, for this reason, be slightly more valuable to the United States than to Canada. For this reason any general opening up of routes should be balanced as far as Canada is concerned by agreement on other mutual concessions including the extension of certain existing routes.

Turning to extensions of routes the U.S. wishes to extend its Lethbridge service to Calgary and Edmonton. There is reason to believe they might be interested in obtaining the right for Colonial Airlines on its New York and Washington runs to serve Montreal and Ottawa on the same flights. The present limitation which compels each Canadian city to be served by a different flight is apparently a severe handicap for the operator, particularly in view of light traffic out of Ottawa.

It is possible as well that if the United States is allowed a service from Chicago to Toronto and the question of extension of services is raised, the U.S. might ask that its service be from Chicago to Toronto and Montreal, although the route pattern which has already been established in the United States makes this somewhat unlikely at present.

Canada, on the other hand, might benefit by the right to operate a service from Winnipeg to Minneapolis and Chicago. We would also benefit if a Seattle route could be extended to San Francisco and possibly Los Angeles although this last city is so far inside U.S. territory that it is unlikely that it would be opened to a Canadian line.

Canadian interests would also be served by removal of the limitation which prevents the T.C.A. Toronto-Chicago service from coming within 50 miles of Detroit.

#### FIFTH FREEDOM

In the matter of fifth freedom rights the United States has certified three lines across the North Atlantic and, to avoid any charges of discrimination between them, it is possible that the U.S. would ask for fifth freedom rights for all of them in Canada. One, Pan American, already has third, fourth and fifth freedom rights at Moncton on a twice weekly service. The amount of traffic available would scarcely justify diverting a trans-Atlantic run out of New York to have it call at Montreal. Montreal would, however, be a natural stop on a trans-Atlantic run out of Chicago, while Moncton would be the normal stop on the New York run. The loss of traffic at Montreal in the event of granting fifth freedom rights would not, I think, be very heavy, particularly if frequent service to the U.S. is offered by both T.C.A. and Colonial Airlines out of Montreal. Moncton is less important since it is not a great traffic centre.

In the West, the C.A.B.'s Pacific decision indicates that the United States would like fifth freedom rights for one airline at Edmonton and possibly Winnipeg as well. Traffic loss to Canada is likely to be of little importance,

we might be prepared, before the negotiations are over, to meet U.S. desires on this point. Canadian movements to Asia over the Northwest Staging Route will not be substantial for quite a long time.

Canada's interest in fifth freedom rights in the United States arises out of the proposed T.C.A. Caribbean and Pacific routes. It would be to our advantage to have a traffic stop at both New York and Miami on alternate Canadian routes to the West Indies and a traffic stop at San Francisco and Honolulu as part of alternate routes to the Southern Pacific. In this connection the U.S. might inquire whether we would be prepared to allow a U.S. airline to operate between Honolulu and Vancouver and I would assume that our answer would be yes.

Perhaps it would be a good thing in the negotiations to suggest that for every traffic stop in Canada allowed one U.S. airline, we should be allowed a traffic stop in the United States, so that three U.S. airlines with traffic stops in Canada would mean that T.C.A. would be allowed three traffic stops in the U.S. Probably the U.S. could not accept the principle completely because much more traffic originates in the U.S., but the principle would help us in negotiation. We might, for example, say that we would grant traffic rights in Montreal or Moncton and that we would ask in return fifth freedom traffic rights at New York and Miami and possibly a third city such as Boston or Washington.

Similarly on the West Coast we could exchange full traffic rights in respect of the Honolulu-Vancouver route and in return for allowing fifth freedom traffic rights at Edmonton we could ask for fifth freedom rights at San Francisco.

Turning to trans-border routes, I think it might be preferable to open up only specified routes for competitive operation, on the principle that routes where traffic had been very heavy would be opened in this fashion but other routes would not. On this basis we would suggest that Montreal-New York, Toronto-New York and Vancouver-Seattle be opened up. If the U.S. wished to broaden this somewhat to give them another route we could add Victoria-Seattle.

I would not, however, be unwilling, if the U.S. preferred, to allow every route to be open to competitive operation, but I would only accept this position if the United States were willing to make additional concessions both on trans-border routes and on fifth freedom rights, which we required.

Additional concessions which may be used for negotiation on each side would probably cover the following six main points as far as trans-border routes are concerned.

1. Extension of Vancouver-Seattle line to San Francisco and possibly Los Angeles.
2. Permission for Toronto-Chicago service to serve Detroit as well.
3. Possible opening of a Canadian service from Winnipeg to Minneapolis and Chicago.

4. Permission to Colonial Airlines to serve Montreal and Ottawa on the same flight.

5. Extension of Western Airlines from Lethbridge to Calgary and Edmonton.

6. Permission to the U.S. to run a Chicago-Toronto-Montreal flight. (Not a request, I imagine, which they would expect to have accepted).

A further point which also needs to be considered is the position of third and fourth freedom traffic rights on international routes where fifth freedom rights are granted. If we obtained fifth freedom rights at, say, San Francisco for T.C.A. on the through service to Australia but did not get a local trans-border route from Vancouver to San Francisco, under such circumstances third and fourth freedom rights on the through service might be useful. On the other hand third and fourth freedom rights in the U.S. for our through services would be of little benefit to us at New York since we would have traffic rights at New York anyway on the revised bilateral agreement.

On the other hand, third and fourth freedom rights in Canada for the U.S. through international service making a fifth freedom stop at Edmonton would not be particularly serious; it would be more important at Montreal but I would not be particularly worried in view of the much more frequent service which will be offered by local airlines. As a general principle I am inclined to think it would be difficult to refuse third and fourth freedom rights where you are granting fifth freedom rights.

There may be something to be said for going much farther than the U.S. expects at the opening of the discussions by making a very broad offer which they would be almost certain to refuse, i.e. suggesting that we would be prepared to have all trans-border routes opened for operation by both lines, all present restrictions on these routes such as the fifty mile Detroit ban and the Montreal-Ottawa one flight ban removed, all airports named on these routes opened up for fifth freedom traffic by the scheduled airline of either country without any attempt to define specific routes for these lines, and new routes added from Vancouver to Honolulu and Vancouver to San Francisco.

I think the U.S. would find it impossible to accept this broad an offer in respect of fifth freedom rights and we would then have placed them in the position of trying to restrict the fifth freedom. Moreover, having made a very broad offer ourselves and having had it fail we could then move to the other extreme and make a restricted offer in respect of opening various trans-border routes for operation by both countries and in respect of an exchange of fifth freedom rights.

To sum up, I would be inclined when the time comes for us to make our first concrete suggestions in respect of routes and traffic rights to suggest that the New York-Montreal and New York-Toronto services be opened up for competition and that the same treatment be accorded to the Vancouver, Victoria and Seattle services. We might also suggest that we would be prepared to consider extending the U.S. service to Lethbridge on to Calgary and Edmonton

and to allow Montreal and Ottawa to be served on the same flight, if in return the U.S. was willing to give us a service from Vancouver to Los Angeles and to allow us to serve Detroit and Chicago on the same flight, (possibly T.C.A. officials may feel that a Chicago-Winnipeg route would be preferable to either of these Canadian requirements).

As regards fifth freedom rights for through routes we might then suggest that we would give the U.S. fifth freedom rights for one airline at Edmonton on the Northwest Staging route and fifth freedom rights for one airline at Montreal and another at Moncton in return for fifth freedom rights at New York and Miami on a South American route and at San Francisco on a Pacific route. We could then as well offer to exchange rights at Vancouver for rights at Honolulu.

J. R. BALDWIN

1052.

C.D.H./Vol. 97

*Mémorandum du ministre de la Reconstruction et des Approvisionnements  
au secrétaire adjoint du Cabinet*

*Memorandum from Minister of Reconstruction and Supply  
to Assistant Secretary to the Cabinet*

Ottawa, November 21, 1946

Thanks for yours of November 13th, enclosing a summary of your thoughts on aviation talks with the U.S.

Reference border crossings, I agree that no new routes need be discussed. I am reluctant to have more than one traffic stop in Canada for an American operation, as I am reluctant to ask for more than one stop for a Canadian operation in the U.S. However, we may find it worth while to modify this view. On the other hand, I would not object to opening up Montreal-New York, Toronto-New York and Vancouver-Seattle for international competition.

I have never seen much advantage to TCA in a Winnipeg-Chicago run. It seems to me that the non-traffic run presently arranged, which can stop at Minneapolis, meets all our requirements. However, TCA may be able to convince us otherwise.

We require Fifth Freedom rights in Honolulu. If we can get Fifth Freedom rights in New York for our Bermuda and Caribbean run, I would have no particular objection to opening up Montreal for Fifth Freedom traffic. Perhaps a more valuable concession would be to open either Sydney or Moncton as an international airport with Fifth Freedom rights. I doubt if Miami would be of great benefit to us, as we must look for major volume of traffic in the North.

With regard to U.S. objections to competitive route from Chicago to New York, via Toronto, we can point out that we have competition between

Winnipeg and Vancouver by Northwest Airlines, which actually quotes a cheaper rate for the long ride.

For Canadian traffic reasons, we should try to remove the Detroit restriction on our Toronto-Chicago service.

I would see no objection to allowing Northwest Airlines a traffic stop at Edmonton, but I think that this should be the only traffic stop in Canada.

I see no great objection to permitting Colonial Airlines to serve Montreal and Ottawa on the same flight.

I am not impressed with the advantages of a Vancouver-San Francisco run, either as a separate operation or as one leg of the Australian service.

It would seem that our ideas do not differ greatly.

1053.

DEA/9330-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] December 10, 1946

CIVIL AVIATION; AGREEMENT WITH THE UNITED STATES

At the meeting of the Cabinet on December 10th, it was agreed that the Minister of Reconstruction and Supply be authorized to carry on conversations with the United States in connection with the negotiation of a revised bilateral agreement. It was also agreed that the Minister be authorized to sign, on behalf of the Government, such agreement as might result, subject to subsequent report to the Cabinet and ratification.

PARTIE 5/PART 5

TRAITÉS ET ACCORDS/TREATIES AND AGREEMENTS

SECTION A

EXTRADITION

1054.

DEA/12216-6-40

*Mémorandum du chef, la troisième direction politique,  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] March 18, 1946

The Cabinet considered the question of the Extradition Treaty with the United States at a recent meeting and directed that steps be taken to revise

it. After discussion with the Legal Division and Mr. Read, it has been agreed that we will have to start all over again and put forward proposals for important amendments, the chief one being the inclusion of the principle of dual criminality. Mr. Audette is preparing for an inter-Departmental meeting and Mr. Read feels that this should be followed by consultation with the Provincial authorities.

The Legal Division has asked the Third Political Division to handle the correspondence with the United States Government and I attach a teletype to Washington instructing them to let the State Department know informally what we are doing. Although the State Department will undoubtedly have had reports from their Embassy here about the External Affairs Committee report,<sup>1</sup> we have not communicated with them since the report was brought in and it seems advisable to tell them the subject is under active consideration.

R. M[ACDONNELL]

[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*

TELEGRAM EX-797

Ottawa, March 18, 1946

Your despatch No. 359 of February 16th† and previous correspondence concerning the Extradition Treaty.

2. You will recall that a report on this question was made to the House of Commons by its Standing Committee on External Affairs at the last Session of Parliament. The Committee reported as follows:

“Your Committee is, however, of the opinion that the Government should consider the advisability of clarifying the Extradition Act in general, and in particular with respect to sub-sections 26, 31 and 32 of Article III, Article IX and Article XII of the Treaty and of Section I of the Protocol in accordance with evidence adduced before the Committee.

Your Committee further recommends that the Treaty and Protocol thereto be reconsidered.”

3. In view of this report, it is the opinion of the Canadian authorities concerned that further discussions will have to be undertaken with the United States authorities. Please advise the latter informally to this effect and let

<sup>1</sup> Voir Chambre des Communes, Comité permanent des Affaires extérieures, *Procès-verbaux*, 1945, N° 9.

<sup>1</sup> See House of Commons, Standing Committee on External Affairs, *Minutes of Proceedings*, 1945, No. 9.

them know that steps are under way to have the problem considered by the interested Departments of the Canadian Government. Consultation with Provincial authorities will then be necessary, after which it is hoped that proposals for revising the Treaty and Protocol can be submitted to the United States.

1055.

DEA/12216-6-40

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 725

Washington, April 6, 1946

Sir,

I have the honour to refer to your teletype EX-797 of March 18 on the subject of the Extradition Treaty between Canada and the United States.

As instructed, I notified the American authorities informally of the contents of your message and have now received the following informal reply:

"I have received your letter of March 20, 1946† concerning the Extradition Treaty of 1942. You advised me that it was the opinion of the interested Canadian authorities that, in view of the report of the Standing Committee on External Affairs, further discussions would have to be undertaken with the United States authorities.

Re-opening of the discussions upon the pending Treaty and Protocol would be somewhat embarrassing for this government. With the understanding that with the addition of the Protocol the Treaty would be ratified by the Canadian Government, the Protocol has been submitted to our Senate for its advice and consent to ratification. Since, however, the controversial provisions of the Treaty are considered by our authorities to be of great importance, we will be interested to learn what your government wishes to propose concerning revision of the Treaty and Protocol. As you know, it is the opinion of this government that there is no need for revision of the Treaty and Protocol for the reason that, under the provisions of the Protocol, actual fraud must be shown and, under the Treaty, the Canadian authorities are the judge as to the sufficiency of the proof in those cases where the United States requests extradition. We will be glad to hear the proposals of your government in this matter, and we will consider the question of undertaking further discussions upon the matter at that time."

I have etc.

THOMAS A. STONE  
 for the Ambassador

1056.

DEA/12216-6-40

*Mémorandum de la direction juridique au chef, la direction juridique*  
*Memorandum from Legal Division to Head, Legal Division*

[Ottawa,] August 9, 1946

RE: EXTRADITION COMMITTEE

I have read Mr. Wrong's memorandum to you of 7th August.† As a result of the Report of the Standing Committee on External Affairs to the House of Commons dated December 11th, 1945, recommending that the Extradition Treaty and Protocol thereto be reconsidered, the interdepartmental committee dealing with this subject met under my chairmanship in June. No decisions were reached nor were any recommendations made, but various departments were to examine certain features of this affair and the committee was to convene again. This has not yet been done due to pressure of other matters but I anticipate being able to call a meeting in the near future.

Mr. St. Laurent may then see fit to say to the House that this subject is being considered by the interested departments with a view to determining a suitable method of approach to the United States authorities and to determining proposals of amendment to the Treaty as it now stands in order to make it acceptable to both countries.

L. C. A[UDETTE]

## SECTION B

AMITIÉ, COMMERCE ET NAVIGATION

FRIENDSHIP, COMMERCE AND NAVIGATION

1057.

CEW/Vol. 2154

*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 292

Ottawa, March 14, 1946

Sir,

Periodically, for a number of years, consideration has been given to negotiating a treaty of commerce between Canada and the United States. The question cannot be regarded as urgent since the absence of a treaty does not appear to impose serious hardships upon Canadian nationals doing business in the United States. It is, nevertheless, true that legislation in various States imposes disabilities on aliens and such legislation can only be overridden by a treaty. A case in point is the provision in the laws of a number of States that licences for the manufacture and sale of alcoholic beverages are restricted to United States citizens. To take another example, certain States forbid the

ownership of real property by aliens. In both cases these laws are understood not to apply to the nationals of countries which have treaties with the United States of which there are said to be between twenty and thirty. Such treaties usually also define the status of consular offices and consular property in such a way as to provide certain immunities and exemptions not accorded in the absence of a treaty.

2. The Department was told informally some time ago by the United States Embassy that the State Department would be prepared to negotiate a standard treaty on commerce, friendship and consular rights. During the war it was regarded as impracticable to enter into such negotiations because of the more urgent matters that required attention, but the time has come when the Department can devote some attention to the problem. To assist us in considering its various aspects we should be grateful for the observations of the Embassy based on any relevant matters which may have come to its attention. A copy of this despatch is being sent to the Consul General in New York with a similar request for comment.

3. I should add that the Department has received very few representations on this subject. Cases involving licenses to sell alcoholic beverages have occasionally been raised by the Embassy and there was correspondence some time ago which made it clear that the Consul General in New York could not be exempted from certain State taxes in the absence of a treaty. We have recently received representations from the legal firm of Lash and Lash in Toronto on the subject of alcoholic beverage laws and a copy of this letter† dated February 23rd is enclosed for your information. This is the only specific request for action which has been received by the Department and we have replied by stating that the question of negotiating a treaty is under consideration and asking for any indication that can be given of the extent to which State laws in practice impose disabilities on Canadians.

I have etc.

R. M. MACDONNELL  
for the Secretary of State  
for External Affairs

1058.

CEW/Vol. 2154

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

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

DESPATCH 570

Washington, March 20, 1946

Sir,

I have the honour to refer to your Despatch No. 292 of March 14, regarding the question of negotiating a treaty of commerce between Canada and the United States.

2. We do not have sufficient data on the effect of the various disabilities imposed on Canadians in this country by the lack of such a treaty to afford the basis for a considered opinion on this aspect of the question. However, as you know, we have had a good deal of correspondence with our Consul General in New York regarding the difficulties which he has encountered, and I feel that this problem will inevitably increase as our consular representation is expanded in this country. In this regard I would refer you to my Despatch No. 2754 of November 26, 1945.

3. While, as you say, this probably cannot be regarded as an urgent matter, I cannot see what disadvantage there could be in negotiating such a treaty and, particularly on the consular side, there would appear to be definite advantages to be gained.

I have etc.

THOMAS A. STONE  
for the Ambassador

1059.

DEA/8924-40

*Le conseiller, l'ambassade des États-Unis, au sous-secrétaire d'État  
aux Affaires extérieures*

*Counsellor, Embassy of United States, to Under-Secretary of State  
for External Affairs*

Ottawa, July 11, 1946

Dear Mr. Robertson,

You will recall that a couple of years ago the question arose of negotiating between the United States and Canada a treaty of friendship, commerce and navigation. At that time you said, as I recall, that a lack of personnel made it seem inadvisable to attempt the negotiation of such a treaty during the war, but that after the war you thought it would be a good idea. Recently an officer of the Department of External Affairs indicated informally to me that the time might now be appropriate to proceed to the consideration of such a treaty.

Having reported this matter to the Department of State, I have now been supplied with a draft treaty of friendship, commerce and navigation† together with an explanatory memorandum.† I am enclosing four copies of each for your convenience.

In handing you these documents I have been directed to say that my Government feels that the negotiation of such a treaty between the United States and Canada at as early a date as possible would be highly appropriate and

desirable as a means of consolidating on a long-term contractual basis the treatment of each other's citizens and products and the belief of my Government that such a treaty is also desirable as a means of giving formal recognition to the friendly political and economic relations between our two countries, which have never been closer or more cordial. I have been directed to add that, should the Canadian Government desire, representatives of the Department of State are available to visit Ottawa to discuss informally the objectives and substance of the proposed treaty. When you shall have had an opportunity to study the enclosed draft and memorandum, I should appreciate being informed of your desires in this regard.

Also, in presenting this draft treaty, I have been directed to stress that the draft is submitted as a basis for discussion only and that my Government will feel free to propose changes in the text of the articles including new provisions at any time prior to the signature of the treaty. For instance, I am told, we may wish to propose the inclusion in the treaty probably as a new paragraph in Article XIV of something along the following lines:

"Articles the growth, produce, or manufacture of any third country which may be imported through the territory of either High Contracting Party into the territory of the other High Contracting Party shall not be subjected to other or higher duties or charges or to other conditions, prohibitions, or restrictions than the duties or charges and the conditions, prohibitions, or restrictions, respectively, which would be applicable to such articles if they were imported directly from the country of origin."

As there seems to be a real need for a treaty between Canada and the United States such as that proposed, I should appreciate receiving your reaction to the enclosed draft in the near future.

Sincerely yours,

LEWIS CLARK

1060.

CEW/Vol. 2154

*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 1665

Washington, August 14, 1946

Sir,

I have the honour to refer to your despatch No. 852 of July 12th† and to other correspondence concerning the suggested treaty of friendship, commerce and navigation between Canada and the United States.

2. This afternoon the Commercial Counsellor and I had an informal talk, at their request, with Dr. Robert R. Wilson and Mr. Constant Southworth of the Commercial Policy Division of the Department of State. In requesting additional copies of the draft on receipt of your teletype EX-1955 of August 8th,† I told the State Department, by way of explanation, that you might wish to send copies to the provincial governments. This is one point which Dr. Wilson wished to discuss with me. He was a little, though not too seriously, concerned in the matter of security as in a treaty of this kind the State Department have to work under a secrecy regulation which can only be rescinded on the wish of the Senate. He was also slightly concerned by the thought that submission of this very tentative draft to the provinces might serve to freeze some of the wording or some of the clauses and might make future changes rather more difficult. I reassured him on both points and said that if you were to submit the draft to the provinces it could be done under secret cover and with adequate emphasis on the fact that it was a draft.

3. Dr. Wilson enquired, however, whether it might not be better to submit the second draft which might result from the first informal meeting of experts on both sides and which might be more definitive than this present working draft. I said that I would put the matter up to you and let him have your views.

4. In this informal conversation with Dr. Wilson and Mr. Southworth, I enquired as to the views of the State Department on the possibility of including in this suggested treaty a consular clause. You will recall that I mentioned this matter in my despatch No. 2754 of November 26, 1945 and again in my despatch No. 570 of March 20, 1946. In reading over the United States draft I noticed that there was no mention of the position of the consular officers of each country in the other. I suggested to Dr. Wilson that as a model for preliminary consideration, we might take article 14 of the treaty of friendship, commerce and navigation between the United States and Siam of 1938, or article 8 of the Franco-Canadian convention of 1936. This second suggestion seemed to appeal to Dr. Wilson and while the Commercial Policy Division has nothing to do with the negotiating of consular treaties, he thought that if a clause like article 8 of the Franco-Canadian convention were to be inserted in a treaty of friendship, commerce and navigation between the United States and Canada that our two countries might then proceed with the negotiation of a consular convention modeled on the convention concluded between the United States and Mexico in 1942, copy of which I have already sent to you. I venture to suggest that thought might be given to this possibility in the Department. I would emphasize that the conversations which took place in the State Department this afternoon were, of course, of a most informal nature.

I have etc.

THOMAS A. STONE

1061.

DEA/8924-40

*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 1082

Ottawa, September 11, 1946

CONFIDENTIAL

Sir,

I should like to refer to your despatch No. 1665 of August 14th regarding the draft Treaty of Friendship, Commerce and Navigation between Canada and the United States.

2. We shall not definitely decide whether we wish to send copies of the draft treaty to the Provincial Governments until we have received the views of the Department of Justice on the ability of the Parliament of Canada to give effect to certain clauses of the draft treaty. If we should decide that we wish to send copies of the draft treaty to the Provincial Governments, we will first let you know in order that you may obtain the concurrence of the State Department. If the draft treaty should be sent to the Provincial Governments, it would be made clear that the draft is confidential, and I am sure that its confidential nature would be respected by the Provincial Governments.

3. On the question of the possibility of including consular clauses in the draft treaty, I am inclined to think that it would be more satisfactory to keep the consular question separate from the draft Treaty of Friendship, Commerce and Navigation. If we really wish to negotiate a consular treaty with the United States it might be a very lengthy document (if one may judge from the Consular Convention between the United States and Mexico) and it would not be feasible to incorporate it in the draft Treaty of Friendship, Commerce and Navigation. Whether there is a need for a Consular Convention, and whether it should precede or follow the establishment of more consular offices in the United States, are questions that require further consideration.

4. You suggested in your despatch the possibility of including in the draft Treaty of Friendship, Commerce and Navigation, an article along the lines of Article 14 of the United States-Siam Treaty of 1938 or along the lines of Article 8 of the Canada-France Convention of 1936.

5. It would not be feasible at present for us to accept an article along the lines of Article 14 of the United States-Siam Treaty, because we are not at present in a position to grant tax exemption for consular properties in Canada.

6. There would be no objection from our point of view to including an article along the lines of Article 8 of the Canada-France Convention, if you think that such an article would confer any benefit on Canada. Indeed there might be an advantage in securing most favoured nation treatment for our

consuls with respect to immunities and privileges. If you agree, it would be in order for you to discuss this informally with the State Department.

7. I should be grateful for your comments.

I have etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

1062.

DEA/8924-40

*Mémorandum de la direction juridique au sous-secrétaire d'État  
aux Affaires extérieures*

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

CONFIDENTIAL

[Ottawa,] October 17, 1946

RE: DRAFT TREATY OF FRIENDSHIP, COMMERCE AND NAVIGATION  
BETWEEN CANADA AND THE UNITED STATES

1. Annexed is an important letter dated October 8th from the Deputy Minister of Justice regarding this draft treaty. Before discussing the letter it may be useful to summarize what this Department has been doing in relation to the draft treaty.

2. On July 11th, 1946, the United States Embassy in Ottawa wrote us enclosing the draft treaty and suggesting that negotiations regarding it should be started. A copy of the draft treaty† is annexed to this memorandum for convenient reference. On August 31st we sent a circular letter† (copy of which is flagged on file) to all the departments of the Canadian Government which might be interested in various articles of the treaty. At the same time we sent a special letter to the Department of Justice asking for their views on the legal power of the Canadian Parliament and Government to carry out such a treaty.

Our letter said:

"If the draft treaty should be signed, it will be the second treaty of this type negotiated by Canada. The first was the Commercial Convention with France of May 12, 1933 (Canada Treaty Series, 1936, No. 18). The Convention with France was, of course, signed long before the Privy Council judgment of January 28, 1937, in the Reference relating to the I.L.O. Conventions.

Several articles of the draft Treaty deal with matters which normally would appear to fall within the exclusive legislative jurisdiction of the Provinces. I should be grateful for your opinion as to whether the Canadian Government could carry out such articles of the Treaty. If you feel that, in the light of existing Privy Council judgments, the Canadian Government could not, by

itself, undertake to carry out such articles, would you favour our asking the Provinces whether they approve of the articles in question and whether they would pledge co-operation in giving effect to these articles?"

3. We have received replies from most of the Departments circulated. The replies are generally favourable but I have not yet prepared an analysis of them.

4. The Canadian Embassy in Washington suggested that detailed consular clauses should be included in the draft treaty. We informed the Embassy in despatch No. 1082 of September 11th (a copy of which is flagged) that we are not in favour of including detailed consular clauses in this treaty and that it would be better to negotiate a separate consular treaty if it were thought desirable and feasible to have such a treaty.

5. The inter-departmental committee which was set up to prepare for the world trade talks is of the opinion that we should postpone action on the draft treaty with the United States until after the International Trade Organization situation is clarified. I understand that the reason for this opinion is that many of the provisions in the draft treaty with the United States duplicate provisions in the proposed constitution of the International Trade Organization.

6. Mr. St. Laurent has not yet been briefed regarding the draft treaty with the United States. He had not been appointed our Minister when the draft treaty was first given to us in July and I was waiting until we had the views of all the other departments before attempting to draft a memorandum for him.

7. In view of the fact that the inter-departmental committee on trade talks is in favour of delay, and the fact that Mr. St. Laurent is leaving in a day or two and will be absent for many weeks, I would suggest that we let the matter stand until his return and then submit to him a detailed memorandum. Apart from the desirability or otherwise of concluding the draft treaty, the most important question (in the light of the letter of October 8th from Justice) is whether the Government will wish to make a test court case out of this treaty. It would be possible to do so, in the hope of getting a judgment of the Privy Council to the effect that the Parliament of Canada may, for the purposes of carrying out a treaty, legislate on matters ordinarily within the exclusive jurisdiction of the Provinces. On the other hand, it is possible that the Government may not wish to have such an important court case at the present time; if that should be the view of the Government, we would necessarily have to request the deletion from the draft treaty of all provisions which deal with matters normally within the exclusive legislative jurisdiction of the Provinces.<sup>1</sup>

M. WERSHOF

<sup>1</sup> La note suivante était écrite sur ce mémorandum:

I agree, but we will certainly have to face this "Provincial" issue shortly in respect of treaties of this kind. Consulting the Provinces on this one would be a bad precedent.

<sup>1</sup> The following note was written on the memorandum:

L. B. P[EARSON]

[PIÈCE JOINTE/ENCLOSURE]

*Le sous-ministre de la Justice au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Justice to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, October 8, 1946

RE: DRAFT TREATY OF FRIENDSHIP, COMMERCE AND  
NAVIGATION BETWEEN CANADA AND UNITED STATES

I acknowledge your department's letter of August 31st† last with reference to the above draft treaty in which you ask my opinion as to whether Parliament could implement this treaty if executed and also whether, if part of the Treaty could only be implemented by provincial legislation, I would favour the Canadian Government asking the provinces to pledge their co-operation in giving effect to the treaty.

I may say that I have some difficulty in determining the precise limits of the obligations which the treaty, if executed, would impose on the Government of Canada. I presume that in the course of negotiations alterations would be made in the text and I have not, therefore, attempted to form an opinion with reference to each particular Article.

Looking at the problem from a general point of view I have to advise as follows.

1. Such provisions of the Treaty as require implementation by legislation relating to the status of United States citizens in Canada or relating to such subject matters as foreign exchange, defence, Dominion taxes, international trade, immigration or international communications may be implemented without the assistance of the provinces. Provisions which may be implemented by legislation giving United States corporations the same status as Dominion companies may also be implemented by Parliament.

2. While some provisions of the treaty relate to matters ordinarily regulated by provincial legislation, the present state of the provincial law may be such that no legislation would be required to carry out Canada's obligations. As to such provisions, they might be included in the treaty relying on the Federal power to disallow provincial legislation in order to ensure that Canada would not be placed in default.

3. There is some doubt as to whether the provisions of the treaty which relate to matters ordinarily regulated by provincial legislation and not falling within the enumerated heads of section 91 of the British North America Act, for example, provincial taxes and the legal position of partnerships and associations, can be implemented by Parliament. The better opinion would appear to be that, if Parliament is of opinion that the implementation of the treaty is necessary or advisable as a matter of international relations, it may be implemented by legislation designed to carry out Canada's obliga-

tions under the treaty. As the validity of such legislation is not free from doubt, if the treaty as finally executed contains provisions that require to be implemented by such legislation, it might be considered advisable to obtain a decision of the courts thereon before ratification of the treaty.

4. While it is a matter of policy as to whether the provinces should be consulted before the Treaty is executed, it should be borne in mind that a practice of consulting the provinces with reference to Treaties may give rise to a constitutional convention which would hamper Canada in its conduct of international relations. Serious consideration should also be given as to whether Canada should undertake obligations to another state if such obligations can only be carried out by legislation of all nine provinces.

If in the course of negotiations you require a further opinion with reference to some specific problem, I should be glad to give consideration thereto.

F. P. VARCOE

1063.

DEA/1539-B-40

*Mémorandum de la direction juridique  
au chef, la troisième direction politique*

*Memorandum from Legal Division to Head, Third Political Division*

[Ottawa,] November 19, 1946

RE: DRAFT TREATY OF FRIENDSHIP, COMMERCE AND NAVIGATION  
WITH THE UNITED STATES—SUGGESTIONS RECEIVED FROM  
THE DEPARTMENT OF NATIONAL DEFENCE (ARMY)

Annexed is a letter of October 30th from the Deputy Minister of National Defence (Army) suggesting that some new matters relating to the armed forces be included in the draft treaty. For convenient reference, I attach copies of Articles XIII and XXIV of the draft treaty† to which reference is made in the letter.

I think it would be a great mistake to deal in a treaty of friendship, commerce and navigation with the matters suggested by National Defence. It would be much better to have a separate agreement or exchange of notes covering all such matters relating to the armed forces. In that case it might be desirable to remove Article XIII from the draft treaty and put it in the separate agreement relating to the armed forces.

Article XIII which deals with conscription by one country of the nationals of the other country, is traditionally a matter dealt with in treaties of friendship, commerce and navigation and I personally see no harm in leaving it in the draft treaty. However, if National Defence wants to deal at the same time with other problems relating to the armed forces, I think that this draft treaty is the wrong place for such matters.

I hope that you will discuss this point with the Under-Secretary and perhaps you might take it up informally with National Defence.

One of the problems which National Defence suggests should be included in the Treaty is the matter of the disciplinary powers of the armed forces. As you know we have proposed to the United States Embassy on File 2818-40C that discussions be held shortly on this particular problem.<sup>1</sup>

In general, I should like to repeat what I said to you a few months ago, namely that in my opinion it would be better if the 3rd Political Division were to assume primary responsibility for the handling of the file relating to the draft treaty. There is, of course, work to be done by the Legal Division and we will be glad to do it, but I cannot see any sense in the Legal Division being primarily responsible for this file. I should be glad to have your comments on this point.

[PIÈCE JOINTE/ENCLOSURE]

*Le sous-ministre de la Défense nationale (Armée) au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of National Defence (Army) to Under-Secretary of State  
for External Affairs*

Ottawa, October 30, 1946

DRAFT TREATY OF FRIENDSHIP, COMMERCE AND NAVIGATION  
BETWEEN THE UNITED STATES AND CANADA

With reference to your letter of 31 Aug 46, † much consideration has been given to the memorandum thereto annexed.

2. It is noted that under date 13 Sep 46, you were advised that on the part of the RCAF, the provisions of Articles XIII and XXIV were considered to be desirable and that no changes therein were necessary. However, so far as the Army is concerned and this may apply in some degree to the Navy, there are certain points to which it is suggested some consideration might be given, bearing in mind that as between the armed forces of Canada and the USA there will during the post war period, be some degree of integrated training and interchange of personnel doubtless involving USA forces being present in Canada and vice versa, likewise, there may be some interchange of technical and other equipment resulting from the research and development activities of the respective countries, all of which it is considered should be admitted free of duty or customs charges.

3. Having regard to the foregoing, it is suggested for consideration that the proposed treaty should contain provision covering the following points:

(a) Dispensation of the taking of an Oath of Allegiance by persons who are nationals of one country offering themselves as candidates for enlistment in or

<sup>1</sup> Ces discussions ont eu lieu en 1947.

<sup>1</sup> These discussions were held in 1947.

appointment to the armed forces of the other country if by taking said Oath, they would relinquish their citizenship or nationality in the country to which they belong;

(b) Reciprocal exemption from customs dues in respect of equipment required by the armed forces of one country which can more advantageously be obtained from the other country than by having it manufactured in the country requiring the same;

(c) Authority whereby the armed forces of one country lawfully present in the other country, may through their own Service Courts and Authorities, administer discipline under the Service Code of the country concerned with ancillary provisions in the matter of temporary custody, arrest, etc. In a word, it is felt that there should be some provision in relation to the US forces similar in principle to that contained in Visiting Forces (British Commonwealth) Act 1933 in relation to a "Visiting Force" as therein defined, lawfully present in Canada.

4. With particular reference to item (c) as set out in the foregoing paragraph, it is not considered to be either expedient or constitutionally sound to seek any legislation designed to perpetuate or continue the provisions of Order-in-Council P.C. 9694 of 20 Dec 1943, giving to US Service Courts Jurisdiction (to the exclusion of the Civil Courts) in criminal cases so that consequently, any jurisdiction which might be considered as suitable to be conferred on US Courts and Authorities should be limited to what might be termed service as opposed to civilian offences. The purport of the foregoing has been discussed with the D.M.<sup>1</sup> (Navy) who agrees therewith.

A. Ross

### SECTION C

#### PROTECTION DE LA PÊCHE EN HAUTE MER

#### CONSERVATION OF FISHERIES IN THE HIGH SEAS

1064.

DEA/5134-D-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre des Pêcheries*

*Under-Secretary of State for External Affairs  
to Deputy Minister of Fisheries*

Ottawa, March 15, 1946

Following the meeting in Mr. Macdonnell's office on March 4th to discuss the conservation of fisheries in the High Seas, a memorandum was drawn up in this Department embodying the conclusions reached by the officials present. I enclose a copy and should be glad to have your comments. .

<sup>1</sup> Deputy Minister.

It seems to me that the next step should be to have the memorandum, with any revisions which may appear desirable, submitted to your Minister. If he approves of the position taken, I should like to put the question before the Prime Minister with a view to having it submitted for Cabinet consideration.

N. A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

*Nouveau projet de mémorandum du ministère  
des Affaires extérieures au Cabinet*

*Revised Draft Memorandum from Department of External Affairs to Cabinet*

[Ottawa,] March 14, 1946

CONSERVATION OF FISHERIES IN THE HIGH SEAS

On September 28th, 1945, the President of the United States issued a Proclamation in the following terms:

“The Government of the United States regards it as proper to establish conservation zones in those areas of the high seas contiguous to the coasts of the United States wherein fishing activities have been or in the future may be developed and maintained on a substantial scale. Where such activities have been or shall hereafter be developed and maintained by its nationals alone, the United States regards it as proper to establish explicitly bounded conservation zones in which fishing activities shall be subject to the regulation and control of the United States. Where such activities have been or shall hereafter be legitimately developed and maintained jointly by nationals of the United States and nationals of other states, explicitly bounded conservation zones may be established under agreements between the United States and such other States; and all fishing activities in such zones shall be subject to regulation and control as provided in such agreements. The right of any State to establish conservation zones off its shores in accordance with the above principles is conceded, provided that corresponding recognition is given to any fishing interests of nationals of the United States which may exist in such areas”.

The views of the Canadian authorities had been sought by the United States Government prior to the issuance of the Proclamation. However, after discussions between officials of the Departments of External Affairs and Fisheries, it was decided that no comments should be offered until Ministerial approval had been obtained, since it was felt that acceptance of the principle of fisheries conservation zones in the High Seas would mark a new development in international law. It did not prove practicable to submit the question to Ministers before the United States Government announced its position. Since then, the subject has received further official consideration and the view has been taken that it would be desirable to obtain an expression of

Government policy at this time, in view of the fact that discussions may have to be held with the United States authorities in the near future.

The establishment of conservation zones in the High Seas is designed to prevent over-fishing and the depletion of fishery resources. Although the Presidential Proclamation was expressed in general terms, it is understood that the United States Government is primarily concerned with conservation in the Pacific, and that it has particularly in mind the manner in which Japanese vessels operated before the war in waters off the Alaska coast. These fisheries had been built up by the United States and there was believed to be serious danger that unregulated Japanese operations might seriously deplete them. It is possible that other countries will wish to launch large scale operations in the Pacific which would have a harmful effect on the fishery resources adjacent to North America.

The principle of the conservation of High Seas fisheries is considered to be sound and in the general interest. Moreover, the method of ensuring conservation outlined in the Presidential Proclamation seems both reasonable and practical, so long as:

- (a) the regulations laid down are not discriminatory or exclusive; and
- (b) due regard is had to the desirability of reaching agreement with neighbouring states as to the appropriate measures of conservation in respect of fisheries in which there is a joint interest.

The most desirable course might be to reach agreement on the above principles through an appropriate international body. The matter might, for instance, be placed on the agenda for the next meeting of the General Assembly of the United Nations, for reference to the Legal Committee thereof, having in mind the formulation of an appropriate Convention.

The direct interests of Canadian Fishermen appear to be:

- (a) To avoid being barred from, or discriminated against in, conservation zones established by the United States and other countries (e.g., off the Pacific coast States and Mexico).
- (b) To support the principle of conservation in areas adjacent to Canada in order to prevent their being depleted by unregulated operations on the part of foreign nationals.

The following courses appear to be open to the Canadian Government:

- (a) To make no comment on the Presidential Proclamation.
- (b) To express disagreement with United States policy.
- (c) To accept and endorse United States policy without qualification.
- (d) To express conditional agreement with United States policy.

It is recommended that the last of these alternatives be followed, since there appears to be no doubt that the long-term interests of Canadian fishermen would be best served by the adoption of a policy of conservation. However, we should make the point that no State or States establishing a conservation zone in the High Seas should have the right to exclude or other-

wise discriminate against the nationals of foreign States who are prepared to abide by the regulations. Moreover, it is in the interests of Canada, and in the general interest, to support the development of international law by agreement between States rather than by unilateral declaration on the part of any one State. It is therefore proposed that the Government adopt the following policy, to be communicated to the United States Government at an appropriate time:

(a) Agreement with the principle of conservation zones which Canada might wish to establish in areas off the Canadian coast where substantial fishing activities are carried on by its nationals alone.

(b) Readiness to discuss with the United States the establishment of joint conservation zones in areas where nationals of the two countries maintain fishing activities.

(c) Emphasis on the importance of not excluding or discriminating against nationals of other States; such foreign nationals should be permitted to fish freely in conservation zones so long as they observe the regulations; and no discrimination should be practised either directly or indirectly through such devices as excessive licensing fees.

(d) In order to remove any doubts as to the propriety of this position in international law, it would be desirable to have this question examined at the earliest possible by the United Nations Organization or other appropriate international body with a view to reaching general agreement on the rights to be exercised by States in respect of the conservation of high seas fisheries in waters contiguous to their coasts.

1065.

DEA/5134-D-40

*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*

Ottawa, September 3, 1946

Dear Sir,

RE PROCLAMATION OF POLICY OF THE UNITED STATES WITH RESPECT  
TO COASTAL FISHERIES IN CERTAIN AREAS OF THE HIGH SEAS

This will acknowledge your letter of August 16th† and refer to letter of March 15th with which a memorandum on this subject was enclosed.

The memorandum has been studied and discussed and this Department agrees with sections (a), (b) and (d) of the last paragraph. However, it suggests that further consideration be given to section (d) of that paragraph and section (a) of paragraph 4 so that proper protection may be afforded by Canada or the United States, or both, to the particular fishery, or fisheries,

that are common to only one of these countries, or to both, and that have up to the present been developed and conserved by either, or both, at continuing expenditure of substantial amounts of public funds, and on which large numbers of the nationals of these countries are, and will continue, to be dependent.

In respect of the protection of such fisheries, it may be necessary to consider the use of some method of discrimination and exclusion, although it may not be necessary to use such terms. In view of the need of affording adequate protection to such fisheries as are carried on in waters contiguous to the East and West Coasts of Canada, this Department is pretty well in agreement with the points made by Dr. Keenleyside in his despatch of April 1st.

The Canadian fisheries just referred to are the following, and memoranda† are attached dealing in some details with each such fishery:

- | (a) <i>Pacific Coast</i> | (b) <i>Atlantic Coast</i>        |
|--------------------------|----------------------------------|
| 1. Halibut               | 1. Lobster                       |
| 2. Salmon                | 2. Scallop                       |
| 3. Trawl Net             | 3. Haddock and other ground fish |
| 4. Pilchard              | 4. Halibut                       |
| 5. Tuna                  | 5. Swordfish                     |

The situation with respect to Canadian fisheries on the Pacific and the Atlantic Coast is somewhat different. On the Pacific Coast the fisheries are almost entirely utilized by Canada, or by Canada and the United States and, therefore, there would seem to be [no?] need of developing such controls in the off-shore areas as might be interpreted to be discriminatory or exclusive. On the Atlantic Coast, while other countries apart from the United States and Newfoundland, such as France, Portugal and Spain, have operated seasonally on the Grand Banks, and more recently on the nearer-to-shore banks with more modern fishing equipment, there now appears to be growing need of some regulatory measures that will not only provide for adequate conservation, but will afford reasonable protection for the maintenance and development of the Canadian interests in the fisheries off the Atlantic Coast on which the Canadian Atlantic fishing industry has depended for by far the major portion of their required supplies of raw material, and to which it must look for maintained and increased supplies as the industry develops.

Yours very truly,

D. H. SUTHERLAND  
for Deputy Minister

1066.

DEA/5134-D-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au sous-ministre par intérim des Pêcheries*

*Acting Under-Secretary of State for External Affairs  
to Acting Deputy Minister of Fisheries*

CONFIDENTIAL

Ottawa, October 1, 1946

I wish to acknowledge your letter of September 3 on the subject of the United States Proclamation relating to coastal fisheries in certain areas of the High Seas. We have read with interest your memoranda† on the various Pacific and Atlantic Fisheries and have noted your view that some measure of discrimination and exclusion may be necessary to protect Canadian interests.

We should like to suggest for your consideration that a stage has been reached where informal discussions with the United States might be of value. While the United States Proclamation has been in effect now for a year, the Canadian authorities have no knowledge so far as this Department is aware of what practical steps the United States authorities may have in mind. The latter have shown some desire to cooperate as far as possible with Canada and the time may have come when an exchange of views would be helpful to both sides.

If such a meeting were arranged, we might open the discussion by saying that we were in agreement with the United States on the principle of establishing conservation zones, although from the point of view of international relations we were somewhat concerned about discrimination and exclusion, and also about the advisability of having an international body consider the whole matter with a view to reaching a generally acceptable agreement. We could then suggest that a discussion of the practical problems raised by each fishery in which Canada and the United States had a common interest would show what issues needed to be faced and might throw some light on the steps which the two Governments could profitably take.

It seems to us that an informal discussion of this sort dealing with concrete problems would help us to approach the question on a less theoretical basis than we have so far been using.

If there should be agreement on this programme it would first be necessary for officials of our two Departments to meet and discuss the line to be taken. In particular, it would be desirable to determine what the Canadian position should be on:

(a) Rights which Canadian fishermen should have in conservation zones which might be established by the United States (where we would presumably be opposed to discrimination or exclusion).

(b) Exclusive rights which should be reserved in Canadian zones to Canadian fishermen or to Canadian and United States fishermen (where we would support the principle of discrimination and exclusion).

I should be glad to have the views of your Department.

1067.

DEA/5134-D-40

*Mémorandum du chef, la troisième direction politique*

*Memorandum by Head, Third Political Division*

CONFIDENTIAL

[Ottawa,] December 18, 1946

MEETING TO DISCUSS CONSERVATION OF FISHERIES IN THE HIGH SEAS

1. The meeting convened at 10.00 a.m. in Room 123, December 13, 1946.

*Present: For the Department of Fisheries*

Mr. D. H. Sutherland, Assistant Deputy Minister

Mr. R. G. McKay, Director, Eastern Fisheries

Mr. Ian S. McArthur, Chief Economist

Mr. S. V. Ozere, Departmental Solicitor

Mr. A. W. H. Needler, Director of the Atlantic  
Biological Station

Dr. J. R. Dymond, Biologist, Research Board,  
Department of Fisheries.

*For the Department of External Affairs*

Mr. R. M. Macdonnell

Mr. M. H. Wershof

Mr. H. F. Davis

Mr. R. A. J. Phillips

Mr. G. V. Beaudry

2. The meeting was called with a view to making recommendations to Ministers on policies which the Canadian Government might adopt regarding the establishment of conservation zones on the high seas.

3. There was a general examination of this problem which is complicated by a number of factors. For one thing, a different situation prevails on each coast. On the East Coast a number of European nations have long traditions of fishing in waters near Canada (which would have to be taken into account in setting up any conservation regime) while on the West Coast only Canada and the United States have such historic rights, except for Japanese encroachment which it is desired to limit. Again, adoption of similar conservation policies by Canada and the United States might affect each country differently. The United States fishing industry operates to a considerable extent off Canadian waters while Canadian fishermen operate to a limited extent only off United States waters; thus Canadian fishermen can claim only limited historic

rights off United States waters and might be prevented from entering such areas by the United States policy of exclusion. This applies particularly to the tuna fisheries.

4. The suggestion was made that an extension of territorial waters from three miles to twelve miles might help solve the problem. However, it was recognized that by far the greater part of the fisheries which require conservation are beyond the twelve-mile limit and that the practical benefits to Canada of such a doctrine would not justify the long-drawn-out international arguments that would inevitably take place if such a claim were made by the Canadian Government.

5. On balance, it was the view of the meeting that a policy similar to that of the United States was in the Canadian interest. Since both the United States and Mexico have publicly announced their conservation policies, it appeared desirable that Canada should take similar action, perhaps, early in the forthcoming Parliamentary Session. The meeting then reviewed the draft memorandum to Cabinet of March 14, 1946. This memorandum was acceptable in principle to the Department of Fisheries with the exception of sub-paragraph (c) of the last paragraph dealing with exclusion or discrimination. The point was made that no measures of conservation would be acceptable to the industry if foreigners, who had made no contribution to the conservation or development of a fishery, were allowed to come in and reap the benefits of a Canadian conservation policy which had limited the take of Canadian fishermen. The size of the fishery would no doubt be increased and the general objective of conservation would be attained but the Canadian share would not necessarily be increased and might even be diminished so that public support for such a policy could not be obtained. It was recognized that discrimination and exclusion are inconsistent with the broad principles to which the Government has subscribed of lowering barriers to commerce and making the resources of the world available to all on an equal footing. Nevertheless, it was thought that since a policy of establishing conservation zones is in the Canadian interest and since such a policy would not be effective without a measure of exclusion or discrimination, the inconsistency must be accepted and Ministers advised accordingly. It was decided to redraft this sub-paragraph so as to set forth the arguments for and against exclusion with a recommendation in favour of it.

6. There was also discussion of sub-paragraph (d) of the final paragraph which urged consideration by an international body. On the one hand, the view was expressed that it was to the long-term disadvantage of Canada to have international law modified by unilateral declarations such as that of the United States. Holders of this view could argue logically that Canada should object to such a step on the part of the United States and should not itself take such a step even if it meant giving up short-term advantages in the form of fish. On the other hand, it was felt that the time had passed when a protest by Canada would have much validity. To carry any weight, such a

protest would have to be made shortly after the announcement of United States policy and already fifteen months have elapsed without any objection on the part of Canada. It would not look particularly impressive if we were to say publicly that it had taken a year and a half to discover a principle in the Presidential Proclamation to which we objected. Moreover, it might be found preferable to support the present and future interests of the Canadian fishing industry rather than the more shadowy concept of the development of international law. It was decided to redraft this sub-paragraph so as to set forth the arguments for and against international action as opposed to national action, and to favour in more general terms than the March 14th draft the principle of international action.

7. It was agreed that the draft should be revised by External Affairs as outlined above and also in such a way as to make it a recommendation as to the announcement of a Canadian policy rather than as a commentary on United States policy. This revised draft will be sent to the Department of Fisheries and, if approved by officials there, will be submitted to the Minister of Fisheries.

#### SECTION D

##### CHASSE AU PHOQUE PÉLAGIQUE/PELAGIC SEALING

1068.

DEA/387-40

*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 2029

Washington, October 21, 1946

SECRET

Sir,

I have the honour to refer to your despatch No. 1220 of October 15th† in which you ask for some indication of the date when the State Department expects to submit to Canada and the U.S.S.R. their draft of a new Pelagic Sealing Convention.

2. On taking this matter up informally with the State Department today I have been told that they have not been able to make much progress to date in the preparation of their draft. Resulting from the discussions held in Ottawa in September, 1945, the subject under reference was reviewed in Washington among the several Federal Government agencies concerned and subsequently a cable was sent to the United States Mission in Moscow asking for further views. The reply received apparently was rather cryptic and did not contain very much information.

3. The State Department also asked their Mission in Tokyo to look into the Japanese Government files with the object of finding out what biological data the Japanese had in support of their demand for the abrogation of the 1911 agreement on the grounds that the navigation route employed in fur sealing was damaging the Japanese salmon fishing industry. A report has been received on this subject from Tokyo but there has not been time to digest the information furnished and the opinion was expressed that the American draft will probably not be ready for discussion in any formal sense much before the middle of 1947. Meanwhile, however, renewed assurance was given that the State Department would keep this Embassy informally advised from time to time regarding the progress on the draft itself.

4. From the foregoing it would seem clear that the Department of Fisheries will not have to consider introducing legislation during the next session in order to supplant the Order-in-Council confirming the present agreement between Canada and the United States.

I have etc.

HARRY SCOTT  
for the Chargé d'Affaires

1069.

DEA/387-40

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 2192

Washington, November 16, 1946

Sir,

I have the honour to refer to your despatch No. 1384 of November 13th, † with reference to the drafting of a new Pelagic Sealing Convention.

2. I am afraid that my despatch No. 2029 of October 21st was somewhat misleading and I think the explanation was my failure to realize that in order to keep the regulations under the existing agreement in force, legislation or a new Order-in-Council under some other statute would be required.

3. On re-opening the subject yesterday with the State Department, the informal opinion was expressed that the present agreement between Canada and the United States would continue until the two governments jointly declared the end of the war for the purpose of the Sealing Agreement. In other words, the United States government consider that the Agreement is still in force and, moreover, it was made clear that the State Department would view with considerable apprehension any lapse of the existing Agreement. Indeed, if you have any reason to feel that any difficulties are going to arise with regard

to maintaining the existing Agreement, pending the negotiation of a new Convention, the State Department would be desirous of conferring with the Canadian authorities to see what steps might be taken to avoid such a lapse. By the same token, if any legislation is enacted by Congress which would, in the view of the State Department, jeopardize the status of the existing Agreement, the State Department have undertaken to inform this Embassy with a view to working out an arrangement which would take care of such a contingency.

4. It would, therefore, seem clear that the only action required for the time being at least, is a new Order-in-Council, or other legislation which will maintain the present Agreement on the expiry of the National Emergency Transitional Powers Act.

I have etc.

[H. H. WRONG]

## SECTION E

### RENONCIATION AUX RÉCLAMATIONS NÉES D'ABORDAGES

### WAIVER OF CLAIMS ARISING FROM MARITIME COLLISIONS

1070.

DEA/3953-40

*Mémorandum du secrétaire d'État aux Affaires extérieures au Cabinet*

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

[Ottawa,] April 15, 1946

### EXTENSION OF MARITIME KNOCK FOR KNOCK AGREEMENT BETWEEN CANADA AND THE UNITED STATES OF AMERICA

1. At its meeting of December 19, 1945, the Cabinet considered Document No. 114 concerning a request from the United States Department of State for an extension of the present Agreement between Canada and the United States of America (for the waiver of claims arising from collisions between vessels of war) which was embodied in an Exchange of Notes dated May 25 and May 26, 1943<sup>1</sup>. The alternative courses of action suggested to the Cabinet were:

a. Not to enlarge the present Agreement;

b. To enlarge the present Agreement to include all ships and cargoes at the ultimate risk of Canada and the United States of America (subject, possibly, to the exclusion of the Canadian National Steamships);

<sup>1</sup> Voir Canada, *Recueil des traités*, 1943, N° 12.

<sup>1</sup> See Canada, *Treaty Series*, 1943, No. 12.

c. To enter into an agreement of arbitration concerning all ships and cargoes at the ultimate risk of the Governments of Canada and the United States of America.

2. The Cabinet agreed that, as a matter of policy, it was desirable to extend the "Knock for Knock" Agreement to include all ships and cargoes at the ultimate risk of the two governments and that, subject to the concurrence of the Minister of Reconstruction, Canadian representatives should seek this end in negotiations with the United States; it being understood that, if the agreement were so extended, the Navy should compensate Park Steamships to the extent of their claims against the United States.

3. The Minister of Reconstruction, subsequent to the Cabinet meeting of December 19, 1945, signified his concurrence in the decision referred to in paragraph 2 above.

4. On April 10, 1946, the Minister of Transport indicated that officers of the Department of External Affairs differed with officers of the Department of Transport and Justice as to whether or not it was intended by Cabinet that vessels of the Canadian National Steamships should be excluded from the proposed extension of the "Knock for Knock" Agreement. This difference arose in connection with claims by the Canadian National Steamships against the United States, for damages sustained in a collision, in the amount of \$119,000.00. The Cabinet has requested that representatives of these Departments should examine the question and submit a memorandum combining the views of the interested Departments and making specific recommendations for the consideration of Cabinet.

5. On April 13, 1946, representatives of the Departments of External Affairs, Transport, Justice, National Defence (Navy) and Reconstruction and Supply met to consider the matter. They came to the conclusion that the proposed extension of the "Knock for Knock" Agreement should apply only to public and war vessels in the possession and service of each country, in accordance with the Anglo-American interpretation of International Law, rather than to all vessels at the ultimate economic or financial risk of each government. It was the feeling of these representatives that this view is consonant with International Law and could be readily applied. It was pointed out that each major vessel of the Canadian National Steamships is owned by a separate limited company, the stock of which is owned by the Canadian National Steamships Company Limited, whose stock, in turn, is owned by the Grand Trunk Pacific Railway, whose stock is owned by the Canadian National Railways. Thus, while it might be said that vessels of the Canadian National Steamships are at the "ultimate economic or financial risk of the Canadian government", these ships are really owned and operated by a limited company and cannot be considered in the legal sense as "public vessels in the possession and service of Canada". It was therefore agreed that vessels of the Canadian National Steamships should be excluded from the proposed extension of the "Knock for Knock" Agreement.

6. The representative of the Department of National Defence (Navy) pointed out that steps had been taken by that Department to make provision for the possible indemnification of the existing claims of the Canadian National Steamships in the amount of \$119,000.00 and he was apprehensive that the negotiations for the extension of the "Knock for Knock" Agreement might be prejudiced if the vessels of the Canadian National Steamships were not included in it. A representative of External Affairs who was in Washington at the time of the preliminary negotiations of September 19, 1945, felt that the exclusion of these vessels would not affect the negotiations; he suggested the Cabinet's policy should exclude these vessels subject to a further reference to Cabinet should the negotiations with the United States Department of State become deadlocked because of the non-inclusion of Canadian National Steamships vessels.

7. Since the Cabinet meeting of December 19, 1945, it has become apparent also that the United States of America may have a claim against Canada by reason of a collision of a Canadian war vessel and a United States flying boat in the possession and service of the United States government. It appears also that the United States may have a claim against Canada arising out of the docking of two United States public vessels in a drydock owned by the Canadian Government. The United States Government is anxious to have these claims included in the proposed extension. It is the opinion of the representatives of the five Departments concerned that these claims should be included in the Agreement providing the drydock and flying boat concerned were in the possession and service of each Government.

8. Accordingly, it was agreed to recommend that Cabinet should establish the following policy for the Canadian representatives in the course of their negotiations with those of the United States of America:

"As a matter of policy, the Canadian representatives should seek to include in the extended Agreement only those legal maritime claims by either government against the other government or any servant, agent or instrumentality of the other government or any vessel, flying-boat or drydock in the possession and service of the other government in respect of damages by reason of collision, salvage, general average, negligent navigation or negligent management of the said vessel, flying-boat or drydock; subject, however, to appropriate provisions for adjustment of matters arising out of any insurance carried by either government.

"In negotiating with the representatives of the Government of the United States of America, the Canadian representatives should make clear the reasons for the non-inclusion of vessels of the Canadian National Steamships and, if required, should resist any attempt to have them included until such time as it appears that negotiations are likely to fail due to the lack of such inclusion; in which case the matter shall be referred for the further consideration of Cabinet".

1071.

DEA/3953-40

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

[Ottawa,] April 17, 1946

## CANADA-U.S. KNOCK FOR KNOCK AGREEMENT

At the meeting of the Cabinet on April 17th, the recommendations set out in the memorandum to the Cabinet of April 15th, prepared in the Department of External Affairs, were considered and approved. It was agreed that the Canadian representatives should proceed accordingly.

The Secretary of the Cabinet asks that he be informed, in due course, whether or not the United States are prepared to conclude an agreement along these lines.

R[OBERTSON]

1072.

PCO/C-20-2

*Le secrétaire du Cabinet au ministre des Transports**Secretary to the Cabinet to Minister of Transport*

Ottawa, April 18, 1946

Dear Mr. Chevrier,

At a meeting of the Cabinet held yesterday the following item, of particular interest to your department was discussed:

*Canada-U.S. knock for knock agreement; Canadian National Steamships*

The Cabinet agreed:

(a) that as a matter of policy the Canadian representatives, in negotiations with the United States, should seek to include in the extended agreement only those legal maritime claims by either government against the other government or any servant, agent or instrumentality of the government or any vessel, flying-boat or drydock in the possession and service of the other government in respect of damages by reason of collision, salvage, general average, negligent navigation or negligent management of the said vessel, flying-boat or drydock; subject, however, to appropriate provisions for adjustment of matters arising out of any insurance carried by either government; and,

(b) in negotiating with the representatives of the U.S. government, the Canadian representatives should make clear the reasons for the non-inclusion of vessels of the Canadian National Steamships and, if required, should resist any attempt to have them included until such time as it appears that negotiations are likely to fail due to the lack of such inclusion: in which case the matter should be referred for further consideration of the Cabinet.

Yours sincerely,

A. D. P. HEENEY

1073.

DEA/3953-40

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

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

DESPATCH 712

Ottawa, June 13, 1946

Sir,

1. I refer to my despatch No. 690 of June 11† in connection with the proposed extension of the Maritime Knock for Knock Agreement.

2. At the meeting of June 13, 1946, the Departments of Transport, of Reconstruction and Supply and of External Affairs, as well as the National Harbours Board, were represented. I enclose two copies of the draft note for the extension of the Agreement which was agreed upon at this meeting.

3. I would be grateful if you would bring this draft note to the attention of the State Department and ascertain whether that Department would be willing to use this draft as the basis upon which to negotiate an Agreement between both countries.

I have etc.

E. R. HOPKINS  
for the Acting Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Projet de note du secrétaire d'État par intérim aux Affaires extérieures  
à l'ambassadeur des États-Unis*

*Draft Note from Acting Secretary of State for External Affairs  
to Ambassador of United States*

Ottawa, June 13, 1946

Excellency,

With reference to the exchange of notes of May 25 and 26, 1943, between the Governments of Canada and of the United States of America recording an agreement for the waiver of claims from collisions between vessels of war, I have the honour to inform you that the Government of Canada is prepared to give effect to an agreement in the following terms:

## ARTICLE 1

In this Agreement the expression "Government vessel" means a vessel (including a vessel of war), flying-boat or drydock owned by or under

bareboat charter to, requisitioned by, demised to, or otherwise operated by, either Government, its servant, agent or instrumentality on bareboat terms or chartered to or otherwise operated by or for such Government on terms which authorize such Government to make this Agreement effective with respect to such vessel, flying-boat or drydock; it includes a vessel operated under the supervision of the War Shipping Administration or Park Steamship Company Limited, but does not include (a) a vessel, flying-boat or drydock on bareboat charter or otherwise on demise by either Government to a Government other than a contracting Government, or to any person, firm or corporation otherwise than as the servant, agent or instrumentality of either contracting Government; or (b) a vessel owned by Canadian National (West Indies) Steamships Limited, Canadian National Steamships Company Limited or associated or subsidiary companies.

#### ARTICLE 2

The Government of Canada and the Government of the United States of America agree that each shall waive all those legal maritime claims by either Government against the other Government or any servant, agent or instrumentality of the other Government or any Government vessel in respect of collision, salvage, general average, negligent navigation or negligent management of the said Government vessel or in respect of the loss or salvage of, damage to, or general average in connection with, cargoes carried in the said Government vessel; subject however to the provisions of Articles 3 and 4.

#### ARTICLE 3

Where in any case claims arise which are not required to be waived by this Agreement in addition to or in conjunction with claims which are so required to be waived and it is necessary in any proceedings including proceedings for the limitation of liability that claims be marshalled or for the proper assessment of any salvage or general average that values should be estimated, the provisions of this Agreement shall not apply but claims which would otherwise be required to be waived under this Agreement shall be asserted. Any recoveries, however, shall be waived by the Government entitled to such recoveries or at the option of such Government shall be dealt with in such other way as will give effect to the purpose of this Agreement.

#### ARTICLE 4

1. In order to carry out the full intention of this Agreement each Government will so arrange in connection with bareboat charters or demises to it or requisitions by it that neither the owners, nor the persons, firms or corporations interested through such owners, shall have or assert any claims of the character specified herein.

2. Each Government represents that in no case in which a legal maritime claim arises under any insurance that has been or will be effected on or in

respect of any Government vessel or cargo carried therein shall any rights that can be exercised against the other Government be subrogated to the insurers concerned insofar as the insurers' liability relates to a claim which is required to be waived by this Agreement.

#### ARTICLE 5

Each Government shall facilitate the assertion by the other Government of sovereign immunity in relation to any Government vessel.

#### ARTICLE 6

This Agreement terminates the agreement contained in the exchange of notes of May 25 and 26, 1943, and it shall apply to legal maritime claims arising since December 7, 1941 but remaining unsettled on the day this Agreement enters into force, as well as in respect of claims arising on or after such day and during the period in which the Agreement shall remain in force.

#### ARTICLE 7

This Agreement shall remain in force until the expiration of six months from the day on which either Government shall have given notice in writing to the other Government of an intention to terminate the Agreement.

I have the honour to inform you that if an Agreement in accordance with the above terms is acceptable to the Government of the United States of America, it shall be considered by the Government of Canada to have been concluded and to be in effect as of the date of a corresponding note from you indicating that the Government of the United States is prepared to give effect to the Agreement.

Accept, Excellency, the renewed assurances of my highest consideration.

1074.

DEA/3953-40

*Mémorandum de la direction juridique au chef, la direction juridique*

*Memorandum from Legal Division to Head, Legal Division*

[Ottawa,] October 8, 1946

RE: KNOCK FOR KNOCK AGREEMENT WITH THE UNITED STATES

On 15th April a memorandum was submitted to Cabinet recommending that:

"As a matter of policy, the Canadian representatives should seek to include in the extended Agreement only those legal maritime claims by either government against the other government or any servant, agent or instrumentality of

the other government or any vessel, flying-boat or drydock in the possession and service of the other government in respect of damages by reason of collision, salvage, general average, negligent navigation or negligent management of the said vessel, flying-boat or drydock; subject, however, to appropriate provisions for adjustment of matters arising out of any insurance carried by either government.

“In negotiating with the representatives of the Government of the United States of America, the Canadian representatives should make clear the reasons for the non-inclusion of vessels of the Canadian National Steamships and, if required, should resist any attempt to have them included until such times as it appears that negotiations are likely to fail due to the lack of such inclusion; in which case the matter shall be referred for the further consideration of Cabinet”.

At a meeting of the Cabinet on April 17th, the recommendations set out in the memorandum to Cabinet of 15th April, were considered and approved. It was agreed that the Canadian representatives should proceed accordingly.

The secretary of the Cabinet asked that he be informed, in due course, whether or not the United States are prepared to conclude an Agreement along these lines.

On 13th June a draft Note was forwarded to the Canadian Ambassador in Washington concerning the extension of the Knock for Knock Agreement. The Ambassador was requested to “bring this draft Note to the attention of the State Department and ascertain whether that Department would be willing to use this draft as a basis upon which to negotiate an Agreement between both countries.” By a teletype dated 28th September† the Ambassador advised us that at the request of the State Department he had officially transmitted in a formal Note the text of the draft Agreement originally forwarded as a basis for negotiation.

On 4th October we requested the Ambassador by teletype† to confirm our understanding that the draft was to be used as “a basis for negotiation” only, and not as a formal Agreement.

In reply to this teletype, the Chargé d’Affaires stated that Mr. Yingling of the State Department had advised him informally that a draft Agreement was acceptable to the United States Government. He had therefore transmitted to the State Department a formal Note† signed by the Ambassador informing them that the Government of Canada was prepared to give effect to the Agreement based on the draft text.

This set of facts produced some apprehension that action might have been taken a little hastily.

At a meeting in the Legal Division Conference Room this afternoon, the following persons met under the chairmanship of Mr. Audette of this Division: Mr. G. M. Jarvis, Director General of the Legal Branch of the Depart-

ment of Reconstruction and Supply, Captain Kerr of the Department of Transport, Mr. Finley, Counsel of National Harbours Board, Lieutenant Commander Dewis and Mr. Watkins of Navy, and Mr. Foote of this Department.

After a thorough discussion of this question it was the general feeling of the Committee that the situation was definitely advantageous, and that having submitted a draft Agreement to the United States Government, it would be extremely difficult to do anything but carry on with it if the Americans approved, even if it were felt the proposed draft was not to our advantage.

Mr. Finley of National Harbours Board was somewhat apprehensive about their position in this Agreement, as the Canadian Government owns a number of jetties which occasionally suffer damage from ships coming alongside and the United States apparently does not own similar jetties. However, he did not feel that this was a sufficiently serious consideration to warrant any action on our part.

To sum up, I think that our proposals, having been accepted, and none of the interested Departments having raised any objections to them, our position is as good as we could ever have hoped for even if Washington moved more quickly than we anticipated.

On the question of procedure and Cabinet approval, I have chatted with Mr. Baldwin who does not feel we need to go back to Cabinet. The meeting was in accord with this view which I shared with Mr. Baldwin and put forth for discussion.<sup>1</sup>

L. C. A[UDETTE]

1075.

DEA/3953-40

*L'ambassadeur aux États-Unis au secrétaire d'État  
par intérim des États-Unis*

*Ambassador in United States to Acting Secretary of State of United States*

No. 428

[Washington,] November 15, 1946

Sir,

I have the honour to refer to your note of November 13, 1946<sup>2</sup>, regarding the proposed agreement between the Governments of Canada and the United States of America for the waiver of certain claims involving vessels of the two governments and to Mr. Pearson's note No. 348 of September 28, 1946<sup>2</sup>, containing the text of said proposed agreement.

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

I agree.

<sup>2</sup> Voir Canada, *Recueil des traités*, 1946, No 42.

<sup>2</sup> See Canada, *Treaty Series*, 1946, No. 42.

I also note that your government wishes an addition to be made to the text of Article I of the said proposed agreement, namely, that after the words, "War Shipping Administration", there should be added the words "and United States Maritime Commission".

This addition to the text of Article I is acceptable to the Canadian Government. It is understood, therefore, that the agreement is in force from the date of this note.

Accept etc.

H. H. WRONG

PARTIE 6 / PART 6

DIVERS / MISCELLANEOUS

1076.

DEA/679-38C

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

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

TELEGRAM WA-913

Washington, February 25, 1946

IMMEDIATE. Following for Pierce from Ritchie, Begins: Your letter of February 20th† concerning the draft first chapter of proposed report to Congress by the Export-Import Bank.

Maffrey has now given me the latest version of this chapter which has been re-drafted to take account of the points raised in your letter and in our previous telephone conversation. On all points he was, of course, anxious to meet our wishes, and accepted our proposed language willingly. On the reference to consultation between our two Governments concerning foreign lending plans and operations, Maffrey was keen on having some such statement in his report and hoped that we would not be unhappy if the report were to state that "the Canadian and United States Governments have kept each other informed at all times of their foreign loan activities under the Canadian Export Credit Insurance Act on the one hand, and through the Export-Import Bank on the other". Since this proposed language would seem to be in line with that suggested in paragraph 4 of your letter as the version which would be least objectionable to you if Maffrey was particularly anxious to have some reference to this co-operation, I would propose to tell Maffrey that the revised version is not objectionable to us. As they will be reading proofs almost immediately, Maffrey has asked me to let him have our reaction not later than Tuesday, February 26th, on which date I would propose to indicate our informal agreement with this section of his report unless I am advised by you to the contrary by Tuesday noon. Ends.

1077.

CH/Vol. 2127

*L'ambassadeur aux États-Unis au directeur adjoint, le bureau des Affaires européennes, le département d'État des États-Unis*

*Ambassador in United States to Deputy Director, Office of European Affairs, Department of State of United States*

Washington, March 6, 1946

Dear Jack [Hickerson],

There are times when I despair of the future, especially when I read the following in the Congressional Record from Senator Ellender of Louisiana: "This Nation owes that much more money than does the British Empire. In other words, our national debt today is over twice as much as that of Great Britain and all her possessions. Included in her possessions are, of course, Canada, Australia, New Zealand, and British South Africa."

If Senator Ellender knows so little about Canada, it might be desirable to invite him to come around and see us sometime at the Embassy when we will do our best to convince him that we are the possession of nobody but our people, our government, and the Soviet Military Attaché!

Yours sincerely,

L. B. PEARSON

1078.

DEA/9322-40

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

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

CONFIDENTIAL

London, November 4, 1946

Dear Mr. Pearson,

I had a call today from Colonel Eric Phillips of Toronto, who spoke to me about difficulties his Fiberglass Company, at Oshawa, Ontario, is encountering in getting its platinum requirements from the U.S. It appears that the U.S. Government has repossessed itself of all platinum stocks which had been rented out to industrial processors, in wartime, by the Metals Reserve Corporation, and now refuses to provide any to processors located outside the continental United States. In the case of Phillips' company, they have not only turned down his request for additional quantities of platinum, but have asked him to return the quantity he is now using as lining for his glass furnaces, and have suggested that he meet his requirements out of Canadian platinum. The catch in this is that virtually all our platinum goes from Sudbury to Huntingdon, W. Va., for refining, and thence into the

American supply stream. Phillips was wondering whether he could make arrangements over here to rent platinum from the United Kingdom supply authorities on the same basis as he had been procuring it from the U.S. during the war.

I told him that I thought the situation which he described was one that our Government could quite properly take up with the U.S. Government and with the International Nickel Company. I see no objection to—in fact, I should welcome—efforts of the American Government to maintain an adequate strategical stockpile of platinum, and think their scheme for keeping this stockpile in active use by renting it to industrial processors is a sensible one; but I see no valid reason why they should exclude processors located in Canada from access to platinum under the same conditions as American operators.

I suggested that Phillips take the question up with Mr. Howe or with the Department of External Affairs, to determine what action the Government could take to help him, and have written Mr. Howe (who had suggested that Colonel Phillips come to see me) giving him the foregoing account of the platinum set-up.<sup>1</sup>

Yours sincerely,

N. A. ROBERTSON

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<sup>1</sup> Les dossiers ministériels contiennent plusieurs documents comme celui-ci qui se rapportent à des cas où l'assistance des représentants à l'étranger fut demandée. Faute d'espace, il n'a pas été possible de reproduire dans ce volume une sélection de documents qui auraient permis la rédaction d'historiques.

<sup>1</sup> The departmental files contain many documents like this one which deal with cases where the assistance of representatives abroad was requested. Because of space limitations, it has not been possible to print in this volume a selection of documents from which case histories could be written.



CHAPITRE XII / CHAPTER XII  
RELATIONS AVEC DIVERS PAYS  
RELATIONS WITH INDIVIDUAL COUNTRIES

PARTIE 1 / PART 1

ARGENTINE / ARGENTINA

1079.

DEA/836-BG-39C

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 36

Washington, January 7, 1946

Sir,

I have the honour to refer to your despatch No. 1436 of December 28th with enclosed copies of the list of commodities which could be removed from export control at this time, and which would be removed from control if the action taken would not be considered as a failure on Canada's part to co-operate with the United States Government in controlling shipments to Argentina.

2. I am enclosing a copy of a memorandum which was left with State Department on January 2nd, along with a copy of the list of commodities under reference,† with the object of providing a basis to discuss with the United States authorities informally their reaction to the proposed removal of these items from Canadian export control.

3. On January 3rd Mr. Scott was invited to attend a meeting in the State Department, presided over by Mr. Parsons. Others present included Mr. Gilmore, who took the lead in the discussions reported on in my despatch No. 2717 of November 21st, Mr. James Farris of the International Resources Division, also present at this previous meeting, Mr. Frederick Exton of the Munitions Control Section, and Mr. Shaetzel, representing Mr. Clair Wilcox, Director of the Office of International Trade Policy.

4. The meeting held on January 3rd covered substantially the same ground explored in November last, except that the urgency of this problem from the Canadian point of view was further emphasized, and it was moreover stressed that the removal of the items in question from the Canadian positive list would not, in our view, draw public attention to Canada's more liberal

policy toward Argentina to the extent which the American officials feared, since our announcement would primarily be directed toward informing the Canadian export community that the commodities in question were no longer subject to export control except to very few destinations. This argument was not convincing to the Americans, who contended that our proposed action would seriously embarrass their position not only vis-à-vis Argentina, but would also lead to criticism from United States exporters who would claim that Canadian firms were in a position to expand their business with Argentina at a time when American firms were being handicapped. This American view was expressed in spite of the fact that for some considerable time past exports have been freely licensed to Argentina, except for strategic materials and those in short supply, the only limiting factor being the requirement of an individual licence as distinct from the privilege of exporting to what is called the K Group of countries without licences for all commodities not specifically listed.

5. Attention was also drawn by Mr. Exton, who is responsible for the control of exports of armaments, munitions and aircraft, to the inclusion of toluol, an ingredient for the manufacture of explosives, and aircraft parts in our list. As regards the aircraft parts, Mr. Exton pointed out that the list did not show any distinction between military and commercial, and therefore in his opinion the status of aircraft parts was rather unsatisfactory. The opportunity was taken at this point in the discussion to enquire if the United States authorities would feel that their difficulties could be overcome by our removing certain items from the list. This suggestion brought forth no specific comment.

6. The American attitude throughout the meeting was substantially the same as the views recorded in my despatch No. 2717 of November 21st. In other words, they are still determined to retain Argentina in the E Group of countries under the United States export licensing system, pending the outcome of the conference of American Republics proposed for March of this year. Whereas in November no intimation was given that Canada would not continue to co-operate along similar lines, the intimation given at this meeting that we propose removing from export control the commodities on the list submitted upset the Americans considerably. Our view that the removal of these items from our export control would really have little effect on the volume of goods moving to Argentina was unconvincing.

7. In fairness to the opinions expressed by the Americans at this meeting, it should perhaps be mentioned that Mr. Farris in particular took several occasions to draw to the attention of his colleagues the fact that, to use his own words, "time had run out on the American export policy toward Argentina", and that for several months past they had not been able to offer any practical help to our export control authorities in regard to our operational problem. The opportunity was taken of Mr. Farris' support several times during the meeting, when a tendency developed for the

Americans to inject the political aspect of this problem into the discussion, to emphasize that what we were trying to solve was the operational difficulty which results from the nature of our administration of export control, and not, on this occasion, to become involved in a debate on the political issues affecting Argentina. It was, as you will appreciate, difficult to keep the two separate, but the American officials present freely conceded their knowledge of the Canadian point of view, namely, that the United States was not effectively accomplishing its political objective vis-à-vis Argentina by means of economic restrictions.

8. It was also pointed out to the Americans that there were no effective measures to prevent the re-export from other Latin American countries to Argentina of a wide range of commodities no longer subject to the United States individual licensing system. They had no effective answer to this argument.

9. Reference was also made to the fact that other countries, notably the United Kingdom, have not seen fit officially to apply restrictive measures in their export control to Argentina.

10. At the conclusion of the meeting, although Mr. Parsons indicated that the matter would be further considered in the State Department, it was quite obvious that the United States reaction to these proposals was going to be unfavourable.

11. On January 5th Mr. Parsons informed the Embassy that the Pan-American Section of the State Department had shown serious concern regarding the Canadian proposal, and that in view of the urgency which had been attached to the latter from the Canadian standpoint, instructions were being sent to the American Ambassador in Ottawa to ask the Canadian authorities to defer momentarily our proposed action to provide time for the State Department to prepare a note to me which it is expected will reiterate the views reported in my despatch of November 21st last, and at the same time express the hope that the Canadian proposal can be deferred for at least sixty days. It is apparently the American hope that within sixty days they may be able to finalize their attitude toward Argentina, following the outcome of the forthcoming elections in that country. Mr. Parsons explained that no reference would be made in their note to the informal memorandum left with him, but that the note will indicate that the United States authorities understand certain actions regarding Canadian export control toward Argentina are under contemplation.

12. Mr. Parsons conveyed the impression that the action which the State Department had decided upon resulted from the reaction of Mr. Spruille Braden to our proposals on having them brought to his attention on January 5th.

13. The highlights of Friday's meeting were conveyed verbally in a telephone conversation which Mr. Stone had on January 5th with Mr. Pierce.

In addition Mr. Scott also reported informally by telephone to Mr. English in the Department of Trade and Commerce, with respect to certain of the operational details involved. Both these conversations took place before hearing from Mr. Parsons late on the morning of January 5th.

I have etc.

THOMAS A. STONE  
for the Ambassador

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de l'ambassade aux États-Unis au département d'État  
des États-Unis*

*Memorandum from Embassy in United States to Department of State  
of United States*

Washington, January 2, 1946

The Canadian Embassy wishes to draw the attention of the Department of State to informal discussions which have been carried on for some time with the United States authorities concerned in regard to the modification in the control of exports to Argentina.

Attached to this memorandum is a list of commodities which Canada could remove from export control, and which it is desired to remove from such control if the action taken would not be considered as a failure on Canada's part to co-operate with the United States Government in controlling shipments to Argentina.

The Canadian authorities responsible for the administration of export control are under constant pressure from the Canadian export community to reduce the number of items under export control, but such action cannot effectively be taken under the Canadian regulations without specifically listing the Argentine along with the blockade and former enemy countries.

It is the feeling of the Canadian authorities that the removal of the items on the attached list from Canadian export control would really have very little effect on the volume of goods moving to Argentina. On the other hand, it would greatly simplify the administrative work of the Canadian Export Permit Branch. Even with the proposed changes Canada would still be retaining an adequate control over the movement of all strategic materials to Argentina, for example, within the last three weeks an export permit application covering two hundred parachutes for Argentina was refused as it was obvious these parachutes would be used in the training of Argentine airmen.

It is also proposed to amend Clause 5 of the Canadian Export Permit Regulations by adding to the list of countries exempted from requiring export permits on all shipments. Clause 5 now reads in part—

"No person shall export any goods to any country, other than parts of the British Empire or the Western Hemisphere without first having obtained an export permit, except as provided in Regulation 31. For the purpose of this Order, the Western Hemisphere is defined as embracing all land west of longitude 30° east and west of the International Date Line".

Under the new proposal Clause 5 would read—

"No person shall export any goods to any country, other than to parts of the British Empire; destinations within the Western Hemisphere and Possessions and Protectorates of the United States; Belgium, France, The Netherlands and their Colonies and Protectorates; Czechoslovakia, Denmark, Greece, Luxembourg, Norway, Poland, Turkey, U.S.S.R., Vatican City, Yugoslavia, China, Egypt, Iran, Iraq, without first having obtained an export permit issued by or on behalf of the Minister of Trade and Commerce."

This arrangement would have the effect of allowing goods in free supply to move to the liberated areas without export permits; however, as in the case of Argentina, even with these proposed changes there would still be adequate control over the movement of all strategic materials.

In the circumstances as recorded above, the Canadian Embassy would welcome the views of the State Department on the proposed modifications in the Canadian export control regulations.

1080.

DEA/836-BG-39C

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

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

TELEGRAM WA-116

Washington, January 8, 1946

SECRET. Reference my despatch No. 36 of January 7th which should reach you tomorrow, and other communications concerning the control of exports to the Argentine.

2. Mr. Stone and Mr. Scott of this Embassy went to the State Department this morning to receive from Mr. Braden, Assistant Secretary of State, the following note, Begins:

I have the honour to refer to information which has been received by this Government to the effect that the Canadian Government intends very shortly substantially to modify its present export controls. It is understood that as a result of the proposed modification a substantial list of products may be exported to Argentina without the necessity of individual licences.

In this connection I desire on the part of the Government of the United States to express keen appreciation of the consistently cooperative attitude which has been displayed throughout the war by all officials of the Canadian Government in the joint solution of the manifold problems of trade control which have arisen. However, the implications at this time of the proposed

change of procedure upon the control of exports to inimical interests in Argentina are viewed by this Government with a great deal of concern.

An election campaign of unprecedented bitterness is now in progress in Argentina. This circumstance counsels the greatest caution in adopting any economic measures which may be interpreted by public opinion, both in Argentina and throughout the hemisphere, as an endorsement of the policies and actions of the present Fascist-type Argentine regime. It was for this reason that the Government of the United States retained Argentina among the Group E countries, for which individual licences are required, at the time the United States export control regulations were relaxed in September.

Under present circumstances it would be entirely impracticable for the Government of the United States to consider any further relaxation of its export controls affecting shipments to Argentina, and it is hoped that as a further measure of cooperation Your Excellency's Government would be willing to postpone its projected action until the present situation shall have become further clarified by the forthcoming elections. Ends.

3. In handing this note to the representatives of this Embassy, Mr. Braden said that he could not over-emphasize the importance which he attached to the maintenance of present Canadian controls over exports to Argentina. He reviewed at some length the present political situation in that country and said that any relaxation of controls would be used by Mr. Peron as an argument in his favour in the present elections which there was still a possibility, although not a strong one, that he might lose. He stressed the psychological effect of the present controls rather than their actual effect on Argentine economy, which, except in the case of armaments and materials of war, is not great in view of the fact that a reasonably free licensing policy is being followed by both Canada and the United States. I might say in this regard that Mr. Braden, in the first instance, implied that the licensing policy of this country was to allow only those exports to go forward which were required for the health and well-being of the people of Argentina against whom, he said, he had nothing. Mr. Braden's implication was bluntly refuted later in the conversation by one of his assistants.

4. It was pointed out to Mr. Braden that in effect what we were being asked to do was to maintain an administrative machine which was out of line with our general policy of the relaxation of controls of materials in free supply and to continue to exercise control over a long list of commodities to a great many countries, merely to maintain a control over these commodities to the Argentine. It was added that the effectiveness of the assistance which such Canadian controls afforded the United States in its economic policy vis-à-vis the Argentine, was very doubtful. The alternative would be to relax our controls to every country except the Argentine, which would mean singling out one of the United Nations and maintaining a discriminatory policy vis-à-vis that nation on the eve of the first meeting of the Assembly, or during it, which would probably be regarded as politically undesirable. Mr. Braden

said that he would, of course, welcome such a step from his point of view. He went so far as to add that the time might come when the Argentine would not be one of the United Nations. It was further pointed out to Mr. Braden that it was primarily on the insistence of the United States Government that the Argentine had become one of the United Nations and that he could readily understand that this fact, coupled with present United States economic policy vis-à-vis that country, in which they were asking us to cooperate, led to some confusion in our minds. Mr. Braden expressed his thorough embarrassment that, as a result of United States insistence, the Argentine was a member of the United Nations Organization, in which expression he was joined by the other officers of the State Department present at the discussion.

5. In the course of the discussion it came out that the main desire of the State Department is that we should maintain our present controls at least until after the elections in Argentina as is stated in the note quoted above. Mr. Braden was asked what would be the policy of the United States Government after the elections in the event that Peron is successful. He said that political action would be taken of such importance as to over-shadow the economic action, although he hoped that the present economic policy would be maintained (a divergence of views on this point between some of his advisers and himself was quite apparent). As to the nature of the political action, Mr. Braden has apparently two things in mind; first the publication of certain documents incriminating the present regime in Nazi plots, and second, a refusal by the United States to participate in the Rio Conference with the Argentine represented by Peron.

6. Mr. Braden was told that the request of the State Department would be sent at once to the Canadian Government and considered by them and that it was hoped that a reply would be forthcoming in the very near future.

7. While there is certainly not unanimity within the State Department itself on policy towards the Argentine, and while there are some who believe that the present economic policy, exception made of the control of armaments and materials of war, is not effective, I think that there is general agreement that it would be helpful to present United States policy if Canadian controls were to be maintained until February 24th at least, and I should report to you that there is no doubt in my mind that a refusal on our part to do so would be taken with very bad grace. The point was made this morning that the revisions proposed in Canadian controls would, in all likelihood, pass unnoticed in so far as the Argentine is concerned, in view of the fact that they would similarly affect many other countries. To interpret this, therefore, as a Canadian step to assist the present regime in Argentina would be pretty far fetched. Mr. Braden could not agree. He contended that Peron could very easily and would so interpret it. It is not too strong to say that Mr. Braden is almost fanatical on the subject of Argentina. He showed no disposition either to regard our administrative problems with any sympathy or to relate the question of the Argentine to any other international problem.

8. As a postscript to this message I might add that certain other points came up in this morning's discussion which I feel are adequately covered in my despatch under reference.

9. I shall be in Ottawa tomorrow and shall hope to have an opportunity of discussing this rather vexed problem with you.

1081.

DEA/836-BG-39C

*L'ambassadeur en Argentine au secrétaire d'État aux Affaires extérieures*

*Ambassador in Argentina to Secretary of State for External Affairs*

DESPATCH 22

Buenos Aires, January 17, 1946

MOST SECRET

Sir,

I have the honour to acknowledge your two secret telegrams Nos. 3† and 4<sup>1</sup> of January 12th regarding the interview with Mr. Braden on export controls.

2. One of the troubles with such a decision as that requested by the State Department is that it is almost bound to be more than provisional. Mr. Braden himself practically concedes the election of Colonel Perón, and although I continue to meet some lonely optimists, and while democratic stock is slightly up this week, the general feeling is that a Perón victory is a foregone conclusion. If, as I doubt, to trade with Argentina free of controls when there may still be a chance of a Perón defeat is to give him a handle, then to free the controls after a Perón victory would be to approve it.

3. I take it that Mr. Braden must have been misunderstood when in paragraph 5 of telegram No. 4 he is quoted as saying that the publication of the incriminating White Paper would not take place until after the election. I have been told by Mr. Cabot,<sup>2</sup> and this is in accordance with your enclosure No. 180 of December 24th of the Washington teletype WA-6327, December 21st, that it would be published this month. Dr. Leguizamón told me this morning that he understood it would be sent to the Foreign Minister either today or tomorrow. There is also some mention in the papers today of a proposal to bring it up at the United Nations meeting in London. It may then introduce a new factor, that possibly may affect the results. If not, it is difficult to see how after the election we shall be able to withdraw from the stand now taken. Further, it is suggested around here that the results of the election may not be known for some time after February 24th.

4. However dressed up, what we have been invited to do is to convert our general wartime controls into a special policy of Argentine ostracism, in itself

<sup>1</sup> Ce télégramme a répété le télégramme WA-116, le document précédent.

<sup>2</sup> Le chargé d'affaires des États-Unis en Argentine.

<sup>1</sup> This telegram repeated Telegram WA-116, the preceding document.

<sup>2</sup> Chargé d'Affaires of United States in Argentina.

a form of intervention. We may not be able to stop at that, but may find ourselves involved in more. What Mr. Braden has in mind it is difficult to say, possibly because he himself is quite uncertain how far he can go, and how far he can count on even a majority support from Pan-American States. Mr. Cabot, with whom I had, on the 8th of January, a conversation on the Uruguayan Note,—though careful to point out that he was only speaking for himself, and tentatively,—seemed to think that the action contemplated by it would stop at a declaration. He also, however, referred to his own view that you could not make a people democratic by compulsion, and that if anything more than a declaration were in question, it would have to be based on the interests of the interveners, and they would have to be prepared for all the consequences. There seem to be many tangles ahead for the State Department—tangles with the Senate, tangles with the Pan-American States, tangles with the United Nations organization, with always the possibility of a change of pilot and direction. For us there are other embarrassments, and there is not much time, and certainly not much help from the State Department, for thinking them out. How free shall we be to guide ourselves after the event?

5. I have referred to some lonely optimists, and it would not be fair for your thinking to overlook their points. Dr. Leguizamón is one. He considers the democratic sentiment overwhelming. To him, the significance of the three-day lockout, which came to an end last night, is that people have shown that they are not afraid to assert themselves against the Government and the Police. He also tells me that in the British Railways, for which he is counsel, employees have purchased for 20 centavos apiece 120,000 tickets supporting the democratic cause. Also, the effects of the recent Decree, on bonuses and salaries are not all favourable to Perón. Government servants do not like having been left out of it, and the numerous persons retiring on pension are also complaining about its effects on prices. Dr. Leguizamón thinks, in addition, that scandals recently revealed will have considerable effect. He referred particularly to the case now being ventilated of the Federal Interventor of the Province of Buenos Aires, General Albariños. He was given the sum of 420,000 pesos by the Jockey Club of the Province, apparently for some charitable purpose, and is said to have made payments out of it not only to himself but to certain Perón newspapers. Dr. Leguizamón further mentioned an incident in a country town during the last three days. A policeman went up to one of the closed shops and called upon the proprietor to open it. When he refused, the policeman began the preparation of an act to establish the refusal, and called upon the bystanders to sign as witnesses. Not one of them would sign. All these things are important, and Dr. Leguizamón must know his country far better than I can; but the general opinion at the moment, subject to vague hopes regarding the White Paper, is against his view.

6. Speaking merely in terms of future trade between Canada and Argentina, we are already late in laying the foundation, and a further delay may have negative effects for a long time to come. Canadians who come down here are as greatly impressed with the value of the market that awaits us here as they

are concerned about the apparent apathy of the Canadian exporter. We note an announcement of a prospective visit from representatives of the Indiana Chamber of Commerce; and the political situation does not seem to have interfered with the visit to the United States of a military mission supposed to be for the purpose of buying equipment for the new airport.

*January 18th.*

7. Mr. Cabot yesterday gave to the press what may be perhaps only an instalment of the proposed revelations. It was interesting as showing that some of those who were lending themselves to German propaganda during the war are now connected with Perón newspapers. Mainly, the information is the dotting of "i's" and the crossing of "t's" on something already known. More immediately significant is the effect of the Albariños affair. According to this morning's papers, the Minister of Marine, Admiral Pantin, and the Service Admirals stationed near Buenos Aires, had a long interview yesterday with the President, protesting that the Government promises of neutrality were being continuously violated. One of the Admirals who was to supervise the elections in this district has resigned, on the ground that while General Albariños remains in office the election cannot be fair. The Minister is supposed to have tendered his resignation, although this is officially denied. The protest is given more point by the resignation of Colonel Mercante as Secretary of Labour because of his nomination as candidate for the Vice-Presidency.

8. In fairness to Mr. Cabot, I would not like my quotation of his remarks to be passed on.

I have etc.

WARWICK CHIPMAN

1082.

DEA/836-BG-39C

*Le sous-ministre par intérim du Commerce au sous-secrétaire d'État  
aux Affaires extérieures*

*Acting Deputy Minister of Trade and Commerce to Under-Secretary of State  
for External Affairs*

Ottawa, January 17, 1946

ATTENTION: S. D. PIERCE, ESQ.

Dear Mr. Pierce,

May I refer to your letter of January 10th,† enclosing a copy of teletype No. WA-116, dated January 8th, relative to control of exports to Argentina.

I note that it appears desirable to you that Canada should defer any relaxation of export control affecting exports to Argentina, at least until February 24th.

The position of this Department in this matter is one of very serious difficulty. Export industry in Canada is extremely restive over the retention of the export permit system on commodities for which there is now no obvious and clearly understood reason for continuing control. Our course has been to eliminate the export permit requirement in every case as soon as we could obtain clearance for such action from the Wartime Prices and Trade Board, Department of Munitions and Supply, or such other bodies as were instrumental in the first instance in having the export permit requirement imposed.

We have now reached a stage in which we have been advised either by the Wartime Prices and Trade Board or by other organizations that many of the commodities placed under control at their request need no longer, for their purposes, be continued under such control.

Perhaps the clearest way of indicating the way in which the consequences of our consistent co-operation with the United States in the present policy toward Argentina have closed in on us is to point out that, solely for the purpose of maintaining such co-operation, we are now keeping under export control approximately 340 commodities on which Canadian exporters are being compelled to obtain permits on all shipments except those to Empire countries and to the United States. We are actually denying Canadian exporters the freedom of access to many foreign markets which is vital to their aggressive prosecution of export business. Meanwhile, the United States itself has gone ahead very rapidly with the removal of export controls on a wide list of commodities, retaining the controls only with reference to named countries, such as Germany, Japan, Spain and Argentina.

Our system of export control does not lend itself to the method of removing controls except in the case of named countries. The result is that we are being forced into the practice of holding a lengthy and steadily increasing list of commodities under export control solely to cover the Argentine case. Our whole system and procedure leaves us no practicable alternative. We are already issuing blanket licences, but this expedient meets the problem only in a very inadequate way.

We feel very strongly that this situation should not be allowed to continue. Otherwise, the anomalous position in which we are now placed is bound to become steadily worse, with Canadian exporters becoming still more resentful over the retention of control on shipments of many products to many different countries that should not be involved in the application of a policy aimed specifically at Argentina.

Further, I should point out that the United States' request is that we should retain our controls, *at least until February 24th*. There is no assurance that we shall not be asked to prolong our controls for a further indefinite period.

While I realize that other and very important considerations must enter into the decision as to the course that Canada should now take, I cannot over-

emphasize the urgency of breaking the deadlock that has been reached as regards our freedom to cut down the range of our export controls. I would strongly recommend that the United States Government be advised that we cannot postpone our proposed action for the removal of controls beyond February 24th, and that we propose to release from export control as from February 26th the commodities shown in the list already communicated to them. We would be prepared, however, to eliminate from this list and to retain under control, for the time being, toluol and such other products of a warlike nature that the United States might care to discuss with us.

Yours faithfully,

OLIVER MASTER

1083.

W.L.M.K./Vol. 233

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] January 30, 1946

I am enclosing copy of a telegram† which has just been received from our Ambassador in Argentina, reporting that General McNaughton is planning to visit Buenos Aires after the completion of the ceremony he is attending in Rio de Janeiro. In normal circumstances I should see no objection whatever to him extending his trip in this way, but, in view of the very difficult state of Argentina's relations with all the other countries of this hemisphere, I am afraid that such a visit as General MacNaughton has in mind might be quite mischievous.

At United States request, we are maintaining special export controls on shipments to Argentina, lest their relaxation be construed as a gesture of sympathy with the Argentine Government. For similar reasons we have suggested that the cruiser *Uganda*, in her voyage around South America, should not put in at Buenos Aires.

There is no public interest in General McNaughton going to Argentina at this time, and it would be difficult for him to pay a strictly private visit, particularly as he is travelling in an R.C.A.F. plane.

I attach, for your approval, a draft telegram† to our Ambassador in Brazil, suggesting that General McNaughton drop the Argentine project.<sup>1</sup> If he wants

<sup>1</sup> Le Premier ministre n'a pas approuvé ce projet de télégramme. Voir le document suivant pour la version finale du télégramme.

<sup>1</sup> The Prime Minister did not approve this draft telegram. See the following document for the final version of the telegram.

to vary his journey, I should see no objection to his flying across Brazil to Peru, and thence returning up the west coast through Mexico, where he wishes to visit Keenleyside.

N. A. R[OBERTSON]

1084.

A.G.L.M./Vol. 268

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Brésil*

*Secretary of State for External Affairs to Ambassador in Brazil*

TELEGRAM 27

Ottawa, January 31, 1946

SECRET. Following for General McNaughton from Prime Minister, Begins: I understand from Canadian Ambassador in Buenos Aires that you have been considering possibility of paying a private visit to Argentina. In present circumstances I am afraid purely private character of such a visit could not be effectively observed. Argentina is desperately seeking evidence of foreign interest and approval and mischievous political implications would be read by Argentina into any visit which might be paid at this time by any one who would be regarded as a representative of Canadian Government. Moreover it is also almost inevitable that in view of attitude Canada had felt obliged to take, along with United States and United Kingdom, towards Argentina, a visit by yourself, following your visit to Rio de Janeiro in an ambassadorial capacity, might be misunderstood by both the United States and United Kingdom.

Should you wish to vary your return from Rio de Janeiro, there could be no objection to your returning by way of Peru and Mexico but as matters stand I cannot but feel that a visit to Argentina at this time would be unwise. Kindest regards. Ends.

1085.

DEA/836-BG-39C

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

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

DESPATCH 271

Washington, February 2, 1946

Sir,

I have the honour to refer to your EX-299 of January 30† containing your instructions on the reply you wish made to the note which I received from the Secretary of State on the control of Canadian exports to Argentina, and which was transmitted to you in my WA-116 of January 8.

2. From the enclosed copy of the note which I left yesterday with Mr. Spruille Braden, Assistant Secretary of State, it will be observed that the

phraseology was changed slightly from the instructions contained in your EX-299 following a telephone conversation which Mr. Stone had with Mr. Pierce on January 31.

3. When handing this note to Mr. Braden I reiterated that it was with some reluctance that our government had agreed to the wishes of the United States authorities to retain our existing control of exports to Argentina until the end of February in view of our belief that the proposed relaxation would not result in any practical benefit to Argentina, and moreover, that on account of the nature of our proposed general relaxation of export control we did not feel that it would provide Colonel Peron with the psychological argument that Canada was favouring Argentina.

4. I inferred that Mr. Braden felt differently on the psychological aspect of this problem, and he confirmed again that in his view Colonel Peron would readily seize the opportunity provided by our relaxation of export controls to draw attention to a relatively more friendly attitude on the part of Canada toward Argentina than the United States.

5. Mr. Braden went out of his way to express his gratitude for our continued co-operation in this matter. Indeed on this occasion, contrary to the attitude he adopted when presenting the State Department's note to Mr. Stone, he conceded that our retention of export controls to Argentina imposed a heavy administrative burden considering that these export controls involved so many other countries in addition to Argentina.

6. In the absence of any specific indication from you I felt it would be undesirable to create any apprehension in Mr. Braden's mind that we might be unwilling to continue the present controls beyond the end of February. At the same time I said that we would probably want to re-examine this problem with the State Department when the time approached, in the hope that the political situation in Argentina would have improved to the point where it could be considered no longer necessary for the United States Government to maintain its present export policy vis-à-vis Argentina. In response Mr. Braden expressed the hope, but I am afraid without much expectation, that such a development may materialize.

7. The opportunity was taken to draw Mr. Braden's attention to the difficult position our authorities have been placed in from time to time through not being kept informed on the United States policy toward Argentina. It was explained that in the particular case of aircraft it was embarrassing that exports of commercial aircraft from the United States to Argentina had been approved by the State Department when no advance information had been conveyed to this Embassy of the American intention to approve such shipments. It was hinted to Mr. Braden that this example could be applied to other Latin American countries as far as aircraft was concerned, and that whereas the State Department had from time to time asked us to consult them in advance of any proposed Canadian ship-

ments to Latin America, we had on no occasion been given any opportunity to express our views on proposed American shipments.

8. I think Mr. Braden sensed that in mentioning aircraft I had in mind the whole question of our co-operation with the United States Government in export policy matters and he assured me that steps would be taken by his own branch of the State Department to see that we were better informed in the future.

9. Having laid the groundwork for a further approach to the State Department toward the end of February on this subject of Canadian export control to Argentina, after you have had an opportunity of considering further our position I would appreciate having some guidance as to what attitude should be adopted in future discussions with the State Department.

I have etc.

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

*L'ambassadeur aux États-Unis au secrétaire d'État des États-Unis*  
*Ambassador in United States to Secretary of State of United States*

No. 35

Washington, January 31, 1946

Sir,

I have the honour to refer to your note of January 8th† on the subject of the proposed relaxation of Canadian controls on exports to Argentina. In response to the wishes of your government, the Canadian Government proposes to retain until the end of February its present control over exports to Argentina.

It remains the belief of the Canadian Government nevertheless that the proposed relaxation which would greatly lessen the administrative burden on Canadian officials, remove unnecessary obstacles to trade with other countries in a great number of commodities, would, at the same time, confer no substantial practical benefit on Argentina. The Canadian Government remains most anxious to relax the existing controls at the earliest possible moment. It would be appreciated, therefore, if your officials would give further study to the practical effect of the proposed relaxations. It may be that, if certain items such as toluol and other products which can be put to war use were retained under control, several hundred other items of a purely commercial nature which are now moving freely from both countries under permit to the Argentine might be removed from formal control.

Accept etc.

[L. B. PEARSON]

1086.

DEA/836-BG-39C

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 561

Washington, March 19, 1946

SECRET

Sir,

I have the honour to refer to my despatch No. 271 of February 2nd on the subject of Canada's cooperation with the United States in the control of exports to Argentina.

2. Yesterday Mr. Stone, accompanied by Mr. Scott, called on Mr. Spruille Braden, Assistant Secretary of State, for the purpose of leaving with him a copy of the Amendment of March 4, 1946 to the Export Permit Regulations, along with the annex containing a list of commodities exempted from requiring an Export Permit when shipped to the countries listed in the Amendment under reference.

3. Although the State Department officers concerned had already learned informally through Mr. Scott of this development, yesterday's meeting with Mr. Braden was the first official advice to him concerning this amendment to our regulations.

4. As Mr. Braden was most profuse in his appreciation of this latest evidence of co-operation with the United States in their export policy vis-à-vis Argentina, the opportunity was taken to remind him again of the importance of our being kept closely and continuously informed of any changes in their policy.

5. Mr. Braden said he fully realized our position, and indeed at yesterday's meeting he asked one of his assistants who was present to have a memorandum circulated among all concerned in the Department conveying instructions that this Embassy was to be kept fully informed on all developments affecting American export policy to Argentina.

6. When questioned as to how Colonel Perón's now conceded victory in the Presidential elections might affect the American policy under reference, Mr. Braden was noncommittal, and gave the impression that the State Department was adopting a "wait and see" attitude. Mr. Braden did, however, remark that any thought of economic sanctions was out of the question in view of Europe's dependence on Argentine foodstuffs.

I have etc.

THOMAS A. STONE  
for the Ambassador

1087.

DEA/836-BG-39C

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 676

Washington, April 2, 1946

SECRET

Sir,

I have the honour to refer to my despatch No. 561 of March 19th on the subject of Canada's co-operation with the United States in the control of exports to Argentina.

2. The opportunity was taken of articles on Argentina appearing in the news and editorial columns of this morning's *Washington Post*, copies of which articles are enclosed,† to have Mr. Scott approach informally Mr. Gilmore of the River Plate Division of the State Department with a view to ascertaining, in the absence of any word from the Department itself, whether any new developments in the United States export policy vis-à-vis Argentina were contemplated.

3. It might be appropriate to mention at this point that Mr. Stone and Mr. Scott were asked to attend a meeting with Mr. Spruille Braden, Assistant Secretary of State, on March 25th, which meeting was postponed at the last moment. Beyond implying that the subject was to be Argentina, no details were given as to the reason for calling this meeting.

4. On drawing Mr. Gilmore's attention to the article in this morning's *Washington Post*, and the postponement of the meeting under reference, he volunteered the information that the State Department had hoped to inform this Embassy of a new development in regard to their policy on exports to Argentina, but that on further consideration they found themselves not quite ready to discuss the matter.

5. As a result of Mr. Scott's call in the State Department this morning, however, Mr. Gilmore was authorized to reveal for the first time to this Embassy a copy of a letter† which the State Department proposed to send to the Department of Commerce. This draft letter, marked confidential, which bears the signature of Mr. Willard L. Thorp, Deputy to the Assistant Secretary for Economic Affairs in the State Department, is addressed to Mr. Arthur Paul, Assistant to the Secretary, Department of Commerce, the contents of which are quoted as follows:

"I am writing at this time, in accordance with previous correspondence and conversations, to inform you of proposed revisions of United States export policy towards Argentina. These revisions are dictated by a number of important developments—the impossibility of securing multilateral cooperation in a program of economic pressure; the rapidly increasing worldwide

availability of goods, expanding international commerce, with concomitant though gradual relaxation of national controls; the spread of famine conditions through Asia and Europe with consequent emphasis upon maximizing food shipments from Argentina; and the current political situation. You should therefore consider that this letter supersedes the Department's previous statement on export policy towards Argentina as embodied in my letter to you of December 29, 1945.

It is the recommendation of the Department that with respect to economic controls Argentina should now be placed on an equal footing with the other American Republics. Implementation of this revised policy will involve careful consideration of Argentine requirements for controlled materials and non-discriminatory review by the Department of Commerce of license applications, such review to be made in so far as possible on the basis of criteria used in screening shipments to the other American Republics.

This policy will mean, in specific terms, removal of Argentina from Group "E" and her transfer to the Group "K" category. Furthermore, no special controls or restrictions should be retained for shipments to Argentina in the case of raw stock film and oil field drilling and refining equipment. Current special restrictions on toluene and light coat tars should be eliminated.

Arms and munitions of war will be restricted primarily through the authority delegated the Department of State by the President's Proclamation on April 9, 1942 based on the Neutrality Act of November 4, 1939. It is the Department's intention to discuss the scope and implementation of this control with the Departments of War and Navy. Should these discussions indicate that proper controls would necessitate authority and techniques not available under the President's Proclamation, I shall be pleased to communicate with you again.

With respect to consignee control, it is requested that the Department of Commerce review license applications only against specifically listed firms and individuals and discontinue the practice of referring to the Embassy in Buenos Aires the names of unknown consignees and government entities.

The Department considers it to be of great importance that this revised policy be given as little publicity as is administratively possible. Although the necessary removal of Argentina from the Group "E" category will inevitably receive considerable attention both in the United States and elsewhere, we nevertheless request that the Department of Commerce join this Department and refrain from making any public statement or announcement with respect to this change in policy."

6. It will be observed that the State Department is now proposing to the Department of Commerce a very drastic modification in the United States export policy to the Argentine. Indeed this proposal calls for placing Argentina in the same category as all other American Republics, which in effect will remove from individual licensing to Argentina a huge list of commodities now free to move to what is known as the "K" Group of countries which

includes, in addition to the Latin American Republics specifically mentioned, all other destinations except Group "E" countries comprising the neutrals and ex-enemy territories.

7. It is expected that this draft letter will be sent to the Department of Commerce within the next two or three days, and allowing for a reasonable amount of time for discussion on details between the two Departments it is hoped that this new policy can be put into effect some time within the next week or so.

8. It will be noted from the last paragraph of the draft letter that the State Department considers it to be of great importance that this revised policy be given as little publicity as is administratively possible. To this end it is proposed to incorporate in a public release, probably in one of the Export Control Bulletins, a statement removing Argentina from the Group "E" list of countries to the Group "K" category with the briefest possible explanatory comment. The State Department hopes that it will be feasible to include this reference to Argentina in a list of other current changes in the United States export control regulations, obviously in the hope that it will not attract too much public attention. This does not mean, of course, that the State Department will necessarily escape having to provide further explanations to the Press following whatever original announcement is given out.

9. Mr. Scott took the occasion to emphasize to Mr. Wright, Special Assistant to Mr. Braden, and also to Mr. Gilmore, the importance of our being given adequate advance notice of the proposed official announcement in whatever form it may take in order that the appropriate Canadian authorities will have the opportunity of announcing publicly any revision in our own regulations which may be decided upon as a parallel step to the removal of the American restrictions vis-à-vis Argentina. It was agreed informally that for obvious reasons it would probably be undesirable to issue a joint announcement. On the other hand, by giving us sufficient notice in advance it should be possible to issue a statement from Ottawa announcing a revision in the Canadian export regulations which would have the effect of including Argentina in the list of countries mentioned in the amendment of March 4th to the Export Permit Regulations.

10. Mr. Scott was given a definite assurance by the State Department that this Embassy will be informed immediately the proposed change in policy has been finalized as between the Departments of State and Commerce, and moreover that ample notice will be given of any public statement of this change of policy to enable the Canadian authorities to make whatever changes may be considered desirable in our own regulations and at the same time issue a parallel statement for the benefit of Canadian exporters.

11. It may be of interest to record that Mr. Wright made a particular point in his conversation with Mr. Scott this morning of saying that the State Department was not at this time informing the United Kingdom of this proposed change in their policy, but that in view of the whole-hearted co-operation

which Canada had given in this matter it was felt desirable to let this Embassy know in advance of these United States proposals.

12. Mr. Wright went on to add that it was for the purpose of informing us along these lines that Mr. Braden had hoped to hold the meeting last week with Mr. Stone and Mr. Scott. The fact remains that it was only through the initiative taken in this Embassy on the strength of the publicity given the matter in this morning's *Washington Post* that the foregoing information was ascertained from the State Department.

13. As and when further developments take place you will be promptly informed. Meanwhile, in view of the immediate interest of the Export Permit Branch in this matter from a purely administrative standpoint, this contemplated change in the American policy is being transmitted informally to W. F. Bull, Director of the Export Division in the Department of Trade and Commerce.

I have etc.

T. A. STONE  
for the Ambassador

1088.

DEA/261-40

*L'ambassadeur en Argentine au secrétaire d'État aux Affaires extérieures*  
*Ambassador in Argentina to Secretary of State for External Affairs*

DESPATCH 96

Buenos Aires, April 3, 1946

CONFIDENTIAL

Sir,

The election of Colonel Perón is now beyond question, subject to the theoretical power of the electoral college to choose someone else; and I have the honour to suggest that we should be considering our future attitude towards the new régime. So far the dates variously suggested for its inauguration are—May 1st (Labour Day), June 4th (The Anniversary of the Revolution), and June 20th (The Day of the Flag). Dr. Shaw, whom we saw yesterday, is inclined to expect a late day in June.

2. A local paper under date of March 30th carries an item from the United Press to the following effect:

“According to expressions in Government circles, the Canadian Government will maintain normal diplomatic relations with the new Government of Colonel Perón . . . The Dominion of Canada has maintained its Ambassador in Buenos Aires from the month of October last year and the relations between the two countries have not been modified since the agreement of July last to raise the respective Missions to the rank of Embassies.

It is said that the Government considers that no problem of recognition arises since it treats the coming of Colonel Perón to the Presidency of the

Nation as a normal change in the direction of the Government and similar to what happens in every country under the system of universal suffrage.”

I would guess that, even if wrongly attributed, this represents the view of the Government, but would be glad to have your confirmation.

3. Meanwhile, for the purposes of discussion I should like to suggest the following principles of conduct:

(a) We should have a policy of our own, uncompromised by the oscillations of Washington, and unaffected by the bias that seems to prevail in so much of United States thinking, official and unofficial, when directed to this quarter.<sup>1</sup> I cannot help believing that pride and prejudice play there a larger part than judgement, and lead to a confusion of thought and interpretation that can hardly serve as a basis for sound policy. Not sharing the ends, we should not be embarrassed through sharing the means.

(b) We should deal with Argentina as a fellow-member in good standing of the United Nations Organization, to be judged by her current conduct. If we enquire afresh into the credentials of the various members of the U.N.O. on the grounds of their conduct anterior to their admission, we shall be in for some awkward inconsistencies. For instance, a Blue Book about Russian dealings with the Axis prior to the German attack, would make much more lively reading than anything that could be said about Argentina, and would have far more justification. While we may not approve of the régime and may not consider it democratic, however elected, we should let it prove itself; and it may well be, as we thought in San Francisco, that surrounding it with a normal atmosphere may be the best way of turning it to a normal course. There is much to be said for the view that if the San Francisco policy had been consistently followed out, the cause of democracy here would have been better served. In any event, our concern should be with the future actions rather than with the antecedents of the coming Government.

(c) We should therefore maintain normal, courteous, and unreserved relations, strictly refraining from any cold-shouldering, interference, or pressure. We may wonder at the Argentine people for having voted as they did: but they have voted. A course of conduct, appropriate to a prolonged and extraordinary election period and inspired by a desire to avoid any political implications, is no longer suitable. We should in future not distinguish in treatment between Argentina and other countries of the Continent. Any missions or courtesy visits going to neighbouring countries should also come here. We should so act and speak that there will be no room for any suspicion that we are watchful critics rather than disinterested neighbours and friends.

I should be glad to have your views.

I have etc.

WARWICK CHIPMAN

<sup>1</sup>Note marginale:

<sup>1</sup>Marginal note:  
How simple!

1089.

DEA/261-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
à l'ambassadeur en Argentine*

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

CONFIDENTIAL

Ottawa, May 16, 1946

Dear Mr. Chipman,

In your despatch No. 96 of April 3 you quoted an item from the United Press which stated that "according to expressions in Government circles the Canadian Government will maintain normal diplomatic relations with the new government of Colonel Peron." The despatch went on to say that the Canadian Government considers that no problem of recognition would arise from the accession of Colonel Peron as President. I believe you are correct in assuming the accuracy of this forecast.

Your despatch also asks for our views on the following principles of conduct, which you suggest should govern our future policy towards Argentina:

a. "A policy of our own, uncompromised by the oscillations of Washington, and unaffected by the bias of United States thinking, official or unofficial, when directed to this quarter."

b. Dealing with Argentina "as a fellow member in good standing of the United Nations Organization to be judged by her current conduct."

c. The maintenance of "normal, courteous and unreserved relations strictly refraining from any cold-shouldering, interference, or pressure."

As regards (a), I think it may be fairly said that our policy towards Argentina has been our own and will continue to remain so. At the same time, any Canadian Government must give due consideration to the views of the United States on the questions in which they claim a deep interest. That is, an element to be taken into account in determining our policy towards a third country must be the nature and the vigour of the policy of the United States towards the country in question. To reduce justification of such an attitude to material terms, our economic stake in the cooperation of the United States and Canada is so much greater than our interest in cooperation with any other country of this hemisphere that we cannot remain indifferent to the views of the United States when strongly expressed. For nearly three years, under two Presidents and three Secretaries of State, the United States have taken a strong line towards Argentina because of their conviction that if Fascism were rooted in that country it might become a menace to the rest of the hemisphere. We have recognized American sincerity just as the United Kingdom has done, and like it have endeavoured to shape our policy accordingly. On the other hand, we have not slavishly followed United States policy nor have we always approved of the means by which Washington attempted to secure its ends.

With point (b), I am in full agreement. Argentina now has an opportunity to justify her admission to the United Nations and nothing would now be gained by enquiring into her credentials. The time for that was San Francisco. We sincerely hope that Argentina will become a valuable member of the United Nations. I cannot draw any useful conclusion from your argument re the war records of the U.S.S.R. and the Argentine. You suggest that "a Blue Book about Russian dealings with the Axis prior to their attack would make much more lively reading than anything that could be said about Argentina, and would have far more justification." For its policy between 1939 and 1941, Soviet Russia could claim some justification because of the course of European diplomacy in the Munich period. The period of uneasy alignment with the Axis Powers was followed by a period of suffering and heroism on the part of her people in this war which few nations can equal. In contrast, Argentina defied the wishes of the other nations in this hemisphere by declining to break with the Axis after the Conference of Rio de Janeiro. Her behaviour towards Nazi Germany was, to say the least, compromising and only began to change when it was clear that the Axis had lost the war. There is no record of the heroism of the Argentine people to place beside the U.S.S.R. record. Furthermore, there still seem to be indications of Nazi activities in Argentina, which those countries, including our own, that fought in this war are justified in resenting.

With point (c), I also fully agree. We do not intend in future to distinguish between Argentina and the other countries of Latin America. We are arranging, as you are aware, for your accreditation as Special Envoy to the Inauguration of Colonel Peron as President. Yet, in view of Colonel Peron's past record, I can see no reason why we should not continue to cock a watchful eye in Argentina's direction. Such a watchfulness does not, of course, preclude the normal diplomatic relations which you favour.

Yours sincerely,

H. H. WRONG

1090.

DEA/50000-D-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au sous-ministre du Commerce*

*Acting Under-Secretary of State for External Affairs  
to Deputy Minister of Trade and Commerce*

TOP SECRET

Ottawa, June 6, 1946

ATTENTION: MR. WM. FREDERICK BULL, DIRECTOR, EXPORT DIVISION

I refer to your letter† of May 13th regarding a request received from the Canadian Power Boat Company, Limited, Montreal, that they build certain

motor torpedo boats for the use of the Argentine Navy. Enclosed, as requested, is the correspondence† from this firm which was attached to your letter.

Cabinet recently considered the general question of Canadian policy regarding the export of arms and reached the decision that each case would require consideration on its merits.

In view of the present doubtful political status of the Argentine, I do not feel that we can recommend that the request of the Argentine Government be given favourable consideration by Cabinet. I suggest, therefore, that the Canadian Power Boat Company be advised against entertaining any bids from the Argentine Government for war vessels such as motor torpedo boats. These considerations would not, of course, apply to commercial craft, which can be sold in the ordinary way of business.

H. H. WRONG

1091.

DEA/261-40

*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 1441

Ottawa, November 20, 1946

SECRET

Sir,

We have been informed confidentially by our Ambassador in Buenos Aires that the newly-appointed Argentine Ambassador to Canada, Sr. J. C. Rodriguez, recently Under-Minister of Foreign Affairs, told him, on the eve of his departure for Canada, that a great extension of Argentine diplomatic and consular activities in Canada is contemplated for the immediate future.

According to this information, the new Ambassador expects to be joined before the end of the year by a Counsellor, a First Secretary, a Second Secretary, an Attaché ungraded, and specialist Attachés for press and cultural relations, agriculture, labour, medicine, and mines, as well as three Service Attachés and a Commercial Secretary. Six cypher and general duty clerks are also expected to be assigned.

In addition, the present Argentine Consul at Quito expects to arrive at Toronto to open a new Consulate there next month; and the Ambassador will have a Vice-Consul in Ottawa in addition to the other members of his large staff.

The number of these proposed appointees seems unusual and disproportionate, not only to the interests between Argentina and Canada, but also to

the Argentine establishments in other foreign countries of corresponding importance. As the Embassy of the United States in Ottawa has twenty officially recognized officers and attachés, and the Embassy of the U.S.S.R. in Ottawa has only twelve officers and attachés diplomatically listed, the proposed Argentine establishment would become second in number of personnel of diplomatic status in Ottawa.

We have confidentially asked Mr. Chipman for his views as to the reasons underlying this unusual proposed expansion.

If you are in a position discreetly to get any further light on this proposal, we should be glad to have your observations.

I have etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

1092.

DEA/261-40

*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-2980

Ottawa, November 26, 1946

CONFIDENTIAL. Argentine representation. You will be interested in the following message which has just come from our Ambassador in Buenos Aires, whom we had asked whether he could throw any light on the increased representation of Argentina here. Mr. Chipman's telegram states, Begins:

"Great increase in the Argentine Embassy and Consular personnel is taking place step by step in most countries. See, for instance, establishment approved for Embassy in Moscow as given in my despatch No. 351 of October 9th.† Naturally, in those countries which resemble Argentina geographically, the establishments are greater as a special effort is being made to obtain useful information abroad to assist in working of President's five year plan. A secondary motive is that Argentina is seeking to call attention to her importance as a nation by sheer weight of numbers of her diplomatic Missions abroad. Note, in this respect, fact that Argentine Mission now en route to Mexico for Presidential inauguration there is eighty strong and recent Mission to Chile was almost as large." Ends.

If you have not already done so, I think it might be just as well not to make any inquiries of the State Department on this matter.

## PARTIE 2 / PART 2

## AUTRICHE/AUSTRIA

1093.

W.L.M.K./Vol. 235

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre**Memorandum from Under-Secretary of State for External Affairs  
to Prime Minister*

Ottawa, January 18, 1946

The re-organized Government of Austria has now been formally recognized by the U.S.S.R., the United States, the United Kingdom and France. There is no evidence yet that any other country has taken action to recognize the new Austrian Government, but there has been comment in the press about the possibility of other countries, including Canada, following the lead of the Big Four.

One possible course for us to follow would be to defer the question of Canadian recognition until it was raised automatically by some development, such as a request for the exchange of diplomatic or consular representatives. This policy would have two possible disadvantages; one, that we would be failing to give encouragement to a political development in Austria which appears to be favourable; the other, that we will probably be under pressure to take action from organizations such as the Free Austrian Movement, and it would be regrettable if our eventual recognition were to appear to be the result of these representations.

If, for these reasons, you would prefer some action to be taken at the present time, it occurs to me that we need do no more than simply "take note" of the re-establishment of an independent Austrian Government. The precedents established in the recognition of the Czechoslovak and Polish Governments are not very helpful in the case of Austria, and I do not see any reason for going further than simply acknowledging the existence of an independent Austrian Government. With this in mind, I attach a draft press release† for your consideration. If it were decided that such a press release should be issued,<sup>1</sup> I presume that a copy could be sent in advance to the High Commissioner for Canada in London, with the suggestion that appropriate steps should be taken to see that it is drawn informally to the attention of the Austrian authorities. This latter step should be taken, I think, in order that the Austrian Government may receive word of our action through some channel other than the local Free Austrian Movement.

N. A. R[OBERTSON]

<sup>1</sup> Le communiqué de presse fut émis le 30 janvier.

<sup>1</sup> The press release was issued on January 30.

1094.

DEA/8447-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] June 21, 1946

During your absence Dr. Kleinwachter, Representative of Austria in Washington, visited Ottawa principally for financial discussions with the Department of Finance. He had, however, a second purpose in mind. He said that before he left Austria in January to go to Washington he was given a letter officially appointing him as the Austrian Representative in Canada as well as in the United States. He had delayed in taking up this matter until he could pay a personal visit to Ottawa as he did not wish to present his letter until he knew whether we would be prepared to accept him. We have, of course, had a number of applications for dual representation of this sort and hitherto we have consistently refused them for reasons which I explained to Dr. Kleinwachter. He advanced a new reason as applicable to his case which currently has a good deal of force. He said that the Austrian Government is so desperately short of foreign exchange that they were having the greatest difficulty in furnishing him with enough American dollars to maintain his very small establishment in Washington. His Government's desire was to appoint a separate representative in Ottawa as soon as this position eased and they hoped that we would in due course agree to an exchange of Ministers. I promised to see that his request was considered and to let him know the result through the Ambassador in Washington.

I am inclined to think that for the present what we should tell Dr. Kleinwachter is that we have no objection to his being employed as a channel of communication between the Austrian and Canadian Governments but that we would prefer him not to present his official letter appointing him as Austrian representative here.<sup>1</sup>

In addition to our standard reasons for refusing such requests in the past, there are the added reasons that Austria is still occupied territory and technically an enemy state and the Control Council in Vienna might well take the line that it would be an infringement of their prerogative if we gave Dr. Kleinwachter even by courtesy an official standing in Ottawa without their knowledge. You may perhaps remember him as he served for a couple of years in Canada as Austrian Consul General before 1938. He has spent a number of years since then in a concentration camp and I think that person-

<sup>1</sup> Les notes suivantes étaient écrites sur ce mémorandum:

<sup>1</sup> The following notes were written on the memorandum:

I agree. W. L. M[ACKENZIE] K[ING] 29/6/46

I agree. N. A. R[OBERTSON]

ally he would be an acceptable Austrian representative. He knows Canada fairly well and he showed a lively appreciation of the anomalous position of the Austrian Government.

H. W[RONG]

PARTIE 3 / PART 3

BRÉSIL/BRAZIL

1095.

DEA/9265-40

*Le secrétaire d'État par intérim aux Affaires extérieures  
à l'ambassadeur au Brésil*

*Acting Secretary of State for External Affairs to Ambassador in Brazil*

DESPATCH 206

Ottawa, August 28, 1946

CONFIDENTIAL

Sir,

My telegram No. 117 of today† dealt with the taxation problem raised by the President of Brazilian Traction and the general question of a tax convention between Canada and Brazil.

2. For your records, I enclose copies of a letter from the President of Brazilian Traction dated August 23† which sets forth the Company's views at some length and a copy of our reply.† The subject was discussed with the Deputy Minister of National Revenue (Taxation) who feels that the Government should do everything possible to assist the Company. The Canadian Income Tax authorities recognize that it is in the general interest to encourage participation of local capital in undeveloped countries along with money from capital exporting countries. If this is to be effective, the tax laws of the capital exporting country should not bear too heavily on the dividends payable to the foreign nationals concerned—in this case Brazilians. The problem was discussed at various times by the Fiscal Committee of the League of Nations and may well be examined by the Fiscal Commission of the United Nations. In any event, it is one of which the Canadian authorities are prepared to discuss sympathetically with the Brazilian authorities.

3. In our view, however, any agreement on this question should be only a part of a broader income tax convention. There is a continuing trend towards the negotiation of such conventions between states whose nationals are doing business in each other's territory and they are found advantageous in developing international trade. In recent years, for example, Canada has concluded agreements with the United States and the United Kingdom, and the Canadian authorities believe that other agreements can be negotiated to mutual advantage in the case of countries with which Canada has considerable present

or prospective trade or investment relations. Such agreements usually cover a wide field including provisions for the taxation of foreign individuals, foreign companies with permanent establishments, agencies, shipping profits, airline profits and so forth. The Canada-United States Convention of 1942 (Treaty Series 1942—No. 2) indicates the type of subject that can be included in such an agreement.

4. I shall be glad to have a report when you have been able to discuss this question with Mr. Borden<sup>1</sup> and subsequently with the Brazilian authorities.

I have etc.

H. H. WRONG  
[for the] Acting Secretary of State  
for External Affairs

1096.

DTC/Vol. 280,36367

*Le sous-ministre des Finances au sous-secrétaire d'État associé  
aux Affaires extérieures*

*Deputy Minister of Finance to Associate Under-Secretary of State  
for External Affairs*

Ottawa, August 31, 1946

Dear Mr. Wrong,

Several weeks ago the Brazilian Ambassador discussed with Mr. Iisley the possibility of obtaining from Canada a \$50 million credit for the purchase here of steam locomotives, freight railway cars, ships, shovels, drag-lines and cranes, agricultural machinery and certain other miscellaneous articles. I was not present at the interview but apparently the orders for the above articles were to be placed this year for delivery chiefly during 1947-48 and it was suggested that the credit would be for a term of eighteen years at 3%. It was also stated that the credit would bear the guarantee of the National Treasury and the Bank of Brazil.

Later we received from Dr. Paes a memorandum† giving a fairly elaborate outline of Brazil's holdings of gold and foreign exchange and its external financial requirements. This was a memorandum which I believe had been presented to the National Advisory Council in Washington in connection with a similar application made to the United States Export-Import Bank for an export credit. This material was probably submitted because of statements made by Mr. Iisley to Dr. Paes concerning the magnitude of Brazil's holdings of gold and U.S. dollars.

In connection with an application from the Government of Denmark for an export credit, I wrote you on July 27th saying what I believed to be the Gov-

<sup>1</sup> Le président, Brazilian Traction, Light and Power Company Limited.

<sup>1</sup> President, Brazilian Traction, Light and Power Company Limited.

ernment's attitude towards any increase in its export commitments at the present time. In the case of applications from South American countries, or indeed from any country the economy of which has not suffered as a result of the war, I think the attitude of the Canadian Government would be even more negative. Mr. Ilsley, I believe, advised Dr. Paes that while consideration would be given to his request he thought the answer would be in the negative; I think he went so far as to say that it would be almost as appropriate for Brazil to make a loan to Canada as for Canada to make a loan to Brazil. The memorandum referred to above shows that Brazil's holdings of external assets are perhaps not as great as we had thought and that their need for such assets is perhaps larger than we had assumed. It is also true that the United States is apparently willing to give export credits to Brazil and other South American countries. When the officials of the Export-Import Bank were here a few weeks ago, I asked Mr. Maffrey whether they were considering making export credits to South American countries. He said that they were considering applications and would undoubtedly be making a loan to Brazil in the not distant future. He admitted that Brazil's cash position was fairly good but he said there were other considerations which had to be taken into account from the United States point of view.

I am sure that the Government would not wish to increase its export credit commitments at this time and particularly not in relationship to a country which had not been disrupted by war. Furthermore, our own supply situation which was an important factor when the Government changed its general point of view towards export credits two or three months ago, has now become considerably worsened as a result of the series of prolonged strikes and also the shortage of coal which will be acute this winter. I have talked the problem over with the Acting Minister who agrees that the Government should not consider favourably the application from Brazil for the reasons I have already mentioned. We felt that the most appropriate thing to do would be to have the reply go through External Affairs and the explanation given for failing to grant the credit should be based largely on the magnitude of our own financial commitments and the serious difficulties of our supply position.<sup>1</sup>

I think it is probably not necessary to have formal consideration by Council but it would be desirable to have any letter you send out approved by the Acting Prime Minister. Mr. St. Laurent is very familiar with the considerations which led to the reduction of a number of applications for export credits last spring.

Yours sincerely,

W. C. CLARK

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<sup>1</sup> Une note à cet effet fut envoyée le 9 septembre.

<sup>1</sup> A Note to this effect was sent on September 9.

## PARTIE 4 / PART 4

## CHINE / CHINA

1097.

DEA/6993-C-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Chine**Secretary of State for External Affairs to Ambassador in China*

TELEGRAM 6

Ottawa, January 3, 1946

SECRET. Export credits. We have informed General Kiang, Director, Chinese Government Supply Agency in Canada, that we are prepared to enter into loan agreement for \$35,000,000 in accordance with programme of procurement to be agreed with Department of Trade and Commerce and that we are prepared as well to extend an additional credit of \$25,000,000 for purchase of supplies originally requested as Mutual Aid as and when the various categories of those supplies are shipped by mutual agreement. The understanding has been reached that weapons and munitions included in the original Mutual Aid programme of military supplies will not be purchased or shipped at the present time. The items on the Mutual Aid programme which will be procured and shipped are trucks and used industrial equipment which will require approximately \$15,000,000 out of the \$25,000,000 earmarked for Mutual Aid supplies.

The loan will be made on condition that the Chinese Government will use for purchasing supplies in Canada for export to China an amount of Canadian dollars derived from the sale to Canada of gold and United States dollars equal to 20 per cent of the amount of the credits utilized. We have indicated that we would be prepared to include purchases made by the Chinese Government or by Chinese importers through commercial channels provided satisfactory arrangements can be made for obtaining records.

We are prepared to accept repayment in thirty annual instalments, commencing in 1948 with interest at 3 per cent.

We have indicated our willingness also to consider the provision of guarantees for credits obtained in Canada for the financing of specific industrial projects.

1098.

DEA/5068-B-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Chine**Secretary of State for External Affairs to Ambassador in China*

DESPATCH 33

Ottawa, January 31, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to your despatch No. 465 of October 9, 1945, in which you urge that renewed study should be given to the question of

Chinese immigration so that an understanding might be reached on a reciprocal basis while Canada's position in China continues to be favourable and before the issue may become important in the eyes of the Chinese.

2. I can assure you the authorities here share your concern over this question. Since the receipt of your despatch, a good deal of thought has been given to the matter by members of the Department and by the Director of Immigration. As a result of their study, the enclosed memorandum has been prepared reviewing the negotiations leading up to the presentation of the Draft Treaty to the Chinese Government, and to their decision that the principle on which the Treaty was drafted was unacceptable.

3. You will note that in the course of the studies connected with the drafting of the Treaty it was recognized that all immigration measures involve some form of discrimination. It may be noted here that the immigration measures now effective in Canada include the following forms of discrimination:

(a) Under the Chinese Immigration Act entry to Canada of persons of Chinese origin or descent is confined to members of the Diplomatic Corps, children born in Canada of parents of Chinese race who have temporarily left Canada, merchants and students.

(b) P.C. 2115 of September 16, 1930 embodied in the Immigration Act and Regulations, prohibits the landing in Canada of any immigrant of any Asiatic race except the wives and children under 18 years of age of Canadian citizens resident in Canada.

(c) Under P.C. 695, March 21, 1931, amended June 30, 1944, the landing in Canada of immigrants of all classes and occupations is prohibited except for

(i) British subjects from Great Britain or Northern Ireland, the Irish Free State, Newfoundland, United States of America, New Zealand, Australia or the Union of South Africa

(ii) United States citizens

(iii) wives, children and fiancés of residents of Canada

(iv) Agriculturists

(v) Non-immigrants who have been honourably discharged from the Canadian armed forces.

4. It was believed that discrimination would have its least unfavourable effects through a treaty of the kind suggested based on the principle of reciprocity. As noted in the memorandum, however, the Chinese Government indicated that the principle on which the Treaty was drafted was unacceptable to them. Since that time, June 1944, it has been our assumption that the next step must come from the Chinese. Among the alternative forms of action which the memorandum suggests to be now open, there is included, however, possible reconsideration of the Treaty itself.

5. The alternatives as noted in the closing sections of the memorandum on Conclusions are the following:

1. Reconsideration of the terms of the Treaty.
2. Naming of a quota of Chinese to be accepted as immigrants.
3. Entering into a Gentlemen's Agreement by which a limited number would be admitted.

6. Before proceeding with further consideration of any of these alternatives, it would be important to try to estimate how they would be regarded by public opinion in Canada and by the Government of China. It will be appreciated if you will indicate which, if any, of these alternatives you believe should be taken up for serious consideration, and let us have your comments on the general position. In the meantime, of course, it is understood that no conversations are to be initiated with the Chinese either in Chungking or in Ottawa.

I have etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Extrait d'un mémorandum du ministère des Affaires extérieures*  
*Extract from Memorandum by Department of External Affairs*

CONFIDENTIAL

[Ottawa,] January 28, 1946

PROVISION FOR CHINESE IMMIGRATION TO CANADA

. . .

### III. CONCLUSIONS

This review suggests three practicable courses of action now left open:

#### 1. RECONSIDERATION OF THE TERMS OF THE TREATY

Special attention might be given to the possibility of eliminating Article VI under which Canadian citizenship is withheld from any child born hereafter in Canada whose father is a Chinese citizen. If serious consideration is to be given to this point, it would involve:

First, discussion with members of the Canadian Government, particularly those from British Columbia, as to the probable reception of the proposal in Canada.

Second, an informal approach to the Chinese Ambassador to discover whether such an amendment to the Treaty would be likely to cause the Chinese Government to give it favourable consideration.

## 2. THE NAMING OF A QUOTA

This alternative could be provided for under Section 38,C of the Immigration Act. The Order-in-Council would have to be stated in terms of *prohibiting* entry beyond a certain number, but a definite number could be indicated. Presumably the size of the quota would be determined through consideration of the proportion of Canada's population which Chinese now in Canada represent and, possibly, through reference to the proportion which the quota of 105 Chinese provided for in the United States quota bears to the population of that country. The chief objection indicated is the opposition East Indians would make to the proposal. This objection *could* be met by naming simultaneously a quota for this national group also.

## 3. A GENTLEMAN'S AGREEMENT

This would have the same practical effect as the naming of a quota but would avoid the difficulty imposed by the necessity of naming a quota in terms of a *prohibition* of general Chinese immigration. The device proved difficult to apply in the case of the Japanese and might not find favour with the Canadian Government. It would also probably meet with the same objection from East Indians as in the case of the "named quota". This objection could be met, however, as easily as under the "named quota" alternative by entering into a Gentleman's Agreement with the East Indians also.

1099.

CEW/Vol. 2143

*Le ministre des Finances à l'ambassadeur de Chine*

*Minister of Finance to Ambassador of China*

Ottawa, February 7, 1946

Dear Sir,

At the time of signing today with you the agreement<sup>1</sup> for the provision of a credit of \$60,000,000 to the Government of China under the Export Credits Insurance Act, I desire to place on record our understanding regarding certain points in connection with the use of the credit and about purchases which China will make in Canada, to be financed by Canadian dollars acquired from the sale of gold or foreign exchange convertible into gold.

In paragraph 4 of the agreement it is specified that the Government of China will expend the moneys received by it under this agreement for the purpose of purchasing Canadian-produced goods in accordance with a program to be agreed from time to time by the Canadian Minister of Trade and Commerce and myself on the one hand, and by representatives of the Government of China on the other. In this connection I wish to place on record

<sup>1</sup> Voir Canada, *Recueil des traités*, 1946, N° 20.

<sup>1</sup> See Canada, *Treaty Series*, 1946, No. 20.

that it is our understanding that \$25,000,000 of the \$60,000,000 provided in the credit will be reserved for the purchase of supplies and equipment which had been requested by China from Canada as Mutual Aid, other items in production in Canada at September 1, 1945, which are surplus to Canadian requirements, and also certain items of used industrial equipment which China had sought to purchase from Canada, together with the costs of reconversion and completion of such equipment for Chinese use and its preparation for shipment.

The remaining \$35,000,000, it is understood, will be available for purchasing equipment, supplies and services desired by the Government of China in Canada for reconstruction and other post-war purposes, items of which are to be agreed from time to time with the Canadian Departments of Trade and Commerce and of Finance, as specified in the agreement. I have noted your request to be permitted to use the credit in paying the cost of transporting goods from Canada to China in Canadian ships. At present our legislation and the regulations under it do not make this use of the credit possible, but the legislation and the regulations may be changed in this regard, and if that is done, my colleague, the Minister of Trade and Commerce, and I will be prepared to give sympathetic consideration to the inclusion in the program of the costs of shipping goods to China in Canadian vessels.

I wish also to record that I am prepared to agree to the redemption, under paragraph 10 of the agreement, of the bonds to be given in accordance with the agreement, out of any Canadian dollars accruing to the Government of China from current account transactions between Canada and China. I am also prepared to agree to the use in the repayment of the credits advanced under the agreement, or for redemption under paragraph 10 of the agreement, of Canadian dollars acquired by China from the International Monetary Fund or the International Bank for Reconstruction and Development. I wish also to confirm our understanding that the Foreign Exchange Control Board (or its successor agency) will sell to China Canadian dollars in exchange for United States dollars at the official rate in force on the day of transaction, for the purpose of making repayments of the credit provided under the agreement signed today.

I wish also to record that it is the intention of the two Governments that a certain proportion of the Canadian dollar requirements of China shall be covered by the purchase from Canada of Canadian dollars for gold or foreign exchange convertible into gold. To implement this intention, it is understood that the Government of China will during or at the end of each half-year during which the credits referred to in this letter are being drawn upon, commencing with the first half of 1946, acquire Canadian dollars by the sale to Canada of gold or foreign exchange convertible into gold in an amount not less than twenty per cent of the amount of the credit drawn during each such half-year. It is understood that the Canadian dollars so acquired will be used to meet the current requirements of China in Canada,

including purchases of the Government of China or its agencies and including Canadian shipping services and marine insurance charges. Any purchases of Canadian dollars for gold or foreign exchange convertible into gold during the first half of 1946 prior to the signing of this agreement shall be regarded as coming within the amount of such required purchases during the first half of that year. These agreed purchases of Canadian dollars for gold or foreign exchange convertible into gold shall be reduced by an amount equal to the Canadian dollar equivalent of any United States dollars or other foreign exchange convertible into gold paid by Chinese importers for imports from Canada during each half-year in question, provided that the Government of China supplies satisfactory evidence of such payments and they are verified by the Foreign Exchange Control Board of Canada. In case the amount of such Chinese imports from Canada in any half-year exceeds the required purchases of Canadian dollars for that period, the excess shall be carried over to the succeeding half-year period or periods.

I would appreciate it if you would confirm the understanding set forth above, and also if you would inform me from time to time of the representatives of the Government of China who will agree with the Departments of Trade and Commerce and of Finance upon the program of purchases to be covered under this agreement.

Yours very truly,

J. L. ILSLEY

1100.

CEW/Vol. 2143

*L'ambassadeur de Chine au ministre des Finances*

*Ambassador of China to Minister of Finance*

Ottawa, February 7, 1946

Dear Sir,

I take pleasure in acknowledging receipt of your letter of today's date relative to the agreement signed today for the provision of a credit of \$60,000,000 to my Government under the Export Credit Insurance Act, in which you were good enough to place on record our understanding regarding certain points in connection with the use of the credit and about purchases which China will make in Canada, to be financed by Canadian dollars acquired from the sale of gold or foreign exchange convertible into gold.

In the name of my Government I wish to confirm the understanding referred to above. I shall be pleased to inform you from time to time of the names of my Government's representatives who will agree with the Departments of Trade and Commerce and of Finance upon the program of purchases to be covered under this agreement.

Yours very truly,

LIU SHIH SHUN

1101.

DEA/6993-C-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au ministre de la Reconstruction et des Approvisionnements*

*Under-Secretary of State for External Affairs  
to Minister of Reconstruction and Supply*

SECRET

Ottawa, February 7, 1946

Dear Mr. Howe,<sup>1</sup>

You enquired at yesterday's meeting of the Mutual Aid Board as to the views of this Department on the shipment to China of the munitions covered by approximately \$25,000,000 of the export credit of \$60,000,000 which we are to extend to China.

The \$25,000,000 was reserved for the purchase of supplies and equipment requested by China from Canada as Mutual Aid, for other items in production in Canada at September 1945 which are surplus to Canadian requirements and also for certain items of used industrial equipment. Included in the supplies and equipment are munitions, and it had been agreed between the Chinese authorities and ourselves that these munitions would not be shipped without our concurrence.

The internal political situation in China has improved markedly in recent weeks and I do not now feel that we can reasonably object to the shipment of the munitions in question so long as present conditions continue.

Yours sincerely,

N. A. ROBERTSON

1102.

DEA/6993-C-40

*Le ministre de la Reconstruction et des Approvisionnements  
au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Reconstruction and Supply  
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, February 9, 1946

Dear Mr. Robertson,

Thanks for your letter of February 7th, regarding the views of your Department on the shipment to China of munitions covered by approximately \$25 million of the export credit which we are to extend to China.

<sup>1</sup>M. Howe était le président de la Commission de l'aide mutuelle.

<sup>1</sup>Mr. Howe was Chairman of the Mutual Aid Board.

I am glad to note that your Department does not object to shipment of the munitions in question, so long as the present conditions continue. This will enable us to clear our warehouses of a volume of material which we would gladly get rid of.

I hope that arrangements can be made accordingly.

Yours sincerely,

C. D. HOWE

1103.

DEA/9030-40

*L'ambassadeur en Chine au secrétaire d'État aux Affaires extérieures*  
*Ambassador in China to Secretary of State for External Affairs*

DESPATCH 287

Chungking, March 5, 1946

Sir,

TRADE AND COMMERCE OFFICE IN SHANGHAI

I have the honour to send you herewith copies of

- (a) A letter from Col. Moore Cosgrave, dated February 25, 1946.†
- (b) A list† of Commodities which Col. Cosgrave says Canada can take from China.

All this material will, of course, go direct from Col. Cosgrave to Trade & Commerce; but I would like you to have this fresh light on the situation in Shanghai. It may either confirm, or cause you to amend, the impressions you have gained from what I have been writing.

2. Everyone who has studied the situation in China is as convinced as am I that there is a real opportunity for Canada in China, on the higher level. Captain Palmer, Col. Cosgrave, Mr. Campbell, and now General Cohen (who called this morning after a trip to the coast). All say that there is an opening for substantial Sino-Canadian trade, and that Canada is in a preferred position, everything else (such as quality and price) being equal. The reason is not hard to seek. There is a psychological bias in favour of Canada because she is a small but technically advanced nation. Against Britain there is resentment, a heritage from the past; in the case of the United States, there is a feeling that it is too masterful, too over-powering; and so, by pure reversion, we get our opportunity.

3. China's need for goods, tools and machinery is great. On the surface, China looks like a dangerous, an uncertain market. But it should not be forgotten that China has a hard economic core. The 25,000,000 substantial purchasers, buried almost out of sight in the mass of 500,000,000 should never be forgotten.

4. I am sending you, separately, copies of letters† from Campbell. He feels certain that the Embassy will require a permanent office in Shanghai. I am inclined to agree with his opinion, but I will not feel certain until after I have visited the coast. What Campbell says about available office accommodation is correct. *There is none.* I would like to see the "Canadian" office enlarged, by renting additional rooms, so that the full Canadian representation could be available at one place. But that is not feasible just now. However, it is a goal at which we might aim. It is hard for me to fire without a target.

I have etc.

VICTOR W. ODLUM

1104.

DEA/9030-A-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] April 9, 1946

The Chinese Ambassador came to see me yesterday about the possibility of negotiating a commercial agreement between Canada and China. China is one of the few remaining countries whose exports are still subject to the maximum Canadian tariff rates, although Canadian exports to China receive most favoured nation treatment. What the Ambassador hoped for was an agreement which would provide for the exchange of most favoured nation treatment on a basis of reciprocity.

I told him that the Government had looked forward to concluding such an agreement with China once the end of hostilities in the Pacific had made resumption of normal trade possible. We did not wish to embark on substantive commercial treaty negotiations prior to the preliminary meeting of the drafting countries in England in September, but would probably not object to the negotiation of an interim arrangement with China along the lines of the treaty we had just concluded with Mexico. At the same time, we would be glad to receive from the Chinese Government a schedule of Canadian tariff items on which they might wish to negotiate reductions during the preliminary meeting of the drafting countries. The Ambassador did not appear to have been kept informed by his Government of the preparations which the participating countries had been asked by the United States Government to make for the preliminary meeting, and I suggested he ask the Chinese Embassy in Washington to get him a copy of the United States memorandum on procedure, so that he would be familiar with the general background against which any interim Canadian-Chinese trade negotiations would have to take place.

1105.

DEA/6993-C-2-40

*Le chef, la direction économique, au contrôleur principal de l'immigration chinoise, le ministère des Mines et des Ressources*

*Head, Economic Division, to Chief Controller of Chinese Immigration, Department of Mines and Resources*

CONFIDENTIAL

Ottawa, April 17, 1946

I have your memorandum of April 11† making enquiry concerning Mr. Lu Tso-fu and the Ming Sung Industrial Corporation.

Negotiations have been carried on for over a year now between the John Inglis Company, the Departments of Finance and Reconstruction, the Canadian Embassy in Chungking and this Department on the one hand, and the Ming Sung Industrial Corporation and the Government of China on the other, with a view to concluding a \$15,000,000 contract involving purchase by the Ming Sung Corporation of eighteen vessels for use on the Yangtse. The contract would be concluded under the guarantee provision of the Export Credits Insurance Act (8 George VI, Part II, Clause 22 (1)c).

The Canadian Government in April 1945 indicated that it would be prepared to consider favourably the guarantee of the credit to be extended to the Ming Sung Company provided that the Government of China were prepared to guarantee the credit as well and to request the Government of Canada to give its guarantee. The proposed contract was approved by the Executive Yuan, and the Chinese Foreign Office have requested the Canadian Government to act as surety.

It is hoped that during the course of Mr. Lu's current visit certain still outstanding details relating to the contract will be ironed out and the Agreement will be formally concluded.

S. D. PIERCE

1106.

DTC/Vol. 306, T10591

*L'ambassadeur en Chine au secrétaire d'État aux Affaires extérieures*

*Ambassador in China to Secretary of State for External Affairs*

DESPATCH 453

Chungking, April 19, 1946

Sir,

With reference to my cypher telegram No. 428 of April 18†, I have the honour to enclose for you herewithin a copy of a memorandum† handed to me on Thursday (April 18th) at noon by Dr. T. V. Soong.<sup>1</sup> With him

<sup>1</sup> Premier ministre de la Chine.

<sup>1</sup> Prime Minister of China.

at the moment was the General Manager of the China Merchants Steam Navigation Company. Dr. Soong said categorically that:

(a) the Government of China would guarantee the contract if a contract were made;

(b) the ships required were intended to be of a high quality; and

(c) if the Government of Canada intimated it was prepared to finance the contract under the terms of the Export Credits Insurance Act, the China Merchants Steam Navigation Company and the Chinese Government would jointly send two experts to Canada for the purpose of completing the detail negotiations.

2. It is now nearly a year and a half since I met the officials of the China Merchants Steam Navigation Company. I realised from the beginning that this firm was the most important Chinese shipping firm in China. If it had at its head a man of the calibre of Lu Tso-fu, it would be outstanding. Even as it is, in view of its full Government backing, it is a concern of major importance. Its management is good and it has an equipment which cannot be matched by any other company. It is the fortunate possessor of docks and godowns at all important points. In this it has great advantage over the Ming Sung Co.

3. Dr. Soong told me that the Chinese Government had already backed the China Merchants Steam Navigation Company in securing a number of hastily built cargo vessels from the United States. The first need of the Government and of the Company was for tonnage that could be immediately delivered and this tonnage was acquired through American channels. When, however, it came to arranging for the building of its better class shipping, they turned to Canada. They believed that Canadian firms could do better work in this class than could the Americans. They would naturally go to Great Britain, the home of high grade ship-building, but the British yards are not prepared to take orders.

4. I am just as anxious that this proffered contract should receive consideration as I was that you should entertain the project of Lu Tso-fu. I put my back behind these two things and the introduction of Chinese raw silk into Canada. I have failed with the raw silk, I understand according to a despatch† which came in today; but the Lu Tso-fu transaction is well on its way and now I am anxious to see you give to the China Merchants Steam Navigation Company the same careful, thoughtful attention that you have given to Mr. Lu Tso-fu.

I have etc.

VICTOR W. ODLUM

1107.

DEA/4558-Q-40

*L'ambassadeur en Chine au secrétaire d'État aux Affaires extérieures*  
*Ambassador in China to Secretary of State for External Affairs*

DESPATCH 530

Nanking, May 14, 1946

Sir,

## RONNING ON "PEACE" IN CHUNGKING

I have the honour to send to you herewith a copy of a letter which I recently received from Ronning. From it you can deduce a good deal. Before sending it, I should have submitted to you a "sob sister" story of the kind of life we led in Chungking. In the Embassy itself things were comparatively peaceful and the daily routine was orderly. But outside of the Embassy building and within the compound walls there was considerable turmoil. Babies appeared in fairly rapid succession and each added a shrill note to a chorus which was already almost deafening. I cannot say that the babies appeared unexpectedly, for we generally had a fair warning; but the results were just the same.

2. Outside the compound we were hemmed in by dogs, pigs, hens (particularly and most audibly roosters) and human beings of diverse types. Within twenty feet by measurement from my window was a building occupied as a rooming house for rickshaw men and stone masons. The term rooming house is a misnomer, for there were no rooms; just one big open space. They all piled in there and some of them tried to get bits of their rickshaws in so as to protect them during the night. They talked until very late hours and they commenced spitting at a very early hour. Chinese of this class never speak in soft sweet tones. Even when standing within a few feet of each other, they shout. The origin of this shouting, I do not know. I have asked many questions but I never got a reasonable answer.

3. Chinese dogs have one peculiarity—they choose the night time for their greatest interest and activity in life. They have a sort of signal system which works almost unfailingly. One, for some reason known to it and unknown to us, commences to bark and in due course others take up the alarm and pass it on. Each one incites the others to greater fury and at times I used to become very much annoyed that I wanted to get up and use my revolver. But while Chinese dogs are not loved, there would be a great resentment if one were slaughtered; and so I held my hand.

4. At several points around us were eating houses where the "hand game" was played. The "hand game" is not, as you might imagine, a petting game under the table. It is a very noisy guessing game. Each one tries to beat the other to a correct estimate of the number of fingers jointly displayed. The Chinese get a great deal of fun out of it and at times I can become

quite interested; but when I am not a participant and am trying to sleep the din tends to disturb me.

5. Taken all in all, noise was a principal feature of our life in Chungking; the noises of animals, of fowl and of men, the latter term including women and babies. You will notice that after the rest of us came away, the babies disappeared and Ronning waxed eloquent in his ecstasy. It is true that the other noises remained but the silence of the babies was so startling that it drowned out what would otherwise have been deafening overtones and undertones.

6. I only send you this despatch and this letter from Mr. Ronning so that you may catch a glimpse of the life we have been leading in Chungking. I feel sure that even with this glimpse you will scarcely appreciate the troubles which have disturbed our souls. You may, however, be somewhat entertained and if you are, I will be rewarded.

I have etc.

VICTOR W. ODLUM

[PIÈCE JOINTE/ENCLOSURE]

*Le premier secrétaire, l'ambassade en Chine, à l'ambassadeur en Chine*

*First Secretary, Embassy in China, to Ambassador in China*

Chungking, May 5, 1946

Dear General,

This is Sunday morning and I should be meditating upon my sins of commission and, you may perhaps justly say, upon my sins of coat-hanging omission. That is out of the question this fine Sunday morning. I am too enthusiastic to meditate even upon much more pleasant things than my sins. In fact I cannot wait for breakfast before sitting up to the portable to painfully pick my way with two fingers and a thumb to the end of this epistle. I have a feeling that I should not have dignified it by including it in my regular series to you. Nor should I have started numbering the paragraphs as I shall probably not be able to confine myself to merely one topic in each.

2. I feel certain, General, that if you realized that your Embassy building could really be as tranquil as it was last night, you would have stayed to be convinced regardless of the departure of Government and Diplomats. I must not wax too eloquent about the new order of things as you might be tempted to return and that would never do. Liao was too stingy with the Marmalade. He left me only one measly little jar and if you should suddenly decide to invade the domain in which I have been the sole master since



1108.

DEA/4558-Q-40

*L'ambassadeur en Chine au secrétaire d'État aux Affaires extérieures*  
*Ambassador in China to Secretary of State for External Affairs*

DESPATCH 545

Nanking, May 14, 1946

Sir,

## SHIPPING DIFFICULTIES IN CHINA

I have the honour to send to you herewith as an enclosure a copy of a part of a letter I have just received from Mr. Ronning. It was written immediately after he had had a rather harrying experience. Mr. Ronning found himself suddenly allotted certain accommodation on one of the Waichiaopu foreign mission flights from Chungking to Nanking and he had to scrape together whatever he could find with which to take advantage of the opportunity. He had a bag received in Chungking from the British Embassy and he decided to send it to Nanking by giving space to Miss Ricker, a Canadian who was on her way from Chengtu to Shanghai for return to Canada. Mr. Ronning bundled Miss Ricker, the bag, Miss Ricker's baggage and a considerable quantity of our own wooden files packed with records into the plane; but before he got them there his soul was nearly torn to shreds.

2. It would be quite wrong for me to attempt to anticipate what Mr. Ronning has to say. No words of mine could take the place of his distraught agony. When I wrote to Mr. Ronning after I received his letter, I expressed my gratitude to him; first, for the work he had done so well and second for the fact that he had saved me a great trial, a temptation and a probable fall. I am sure that I would not have been as patient and as resourceful as was Mr. Ronning. I explained to Mr. Ronning that had he not done the work he was doing in connection with the Embassy goods and chattels, I would have had to do it myself; and that while I believe that I would have succeeded, I feel sure that the experience would not have been a pleasant one for me.

3. I think that you ought to put this experience of Mr. Ronning to his permanent credit. He and Brigadier Bostock<sup>1</sup> have done remarkably good work. It is true that I have had to remain at the centre of things in Chungking and grind out the daily bread; but they have been on the field of fire and they have carried through successfully.

4. The enclosure I am sending you, like many others, does not call for action but it will at least enrich your records.

I have etc.

VICTOR W. ODLUM

<sup>1</sup> Attaché militaire, l'ambassade en Chine.<sup>1</sup> Military Attaché, Embassy in China.

## [PIÈCE JOINTE/ENCLOSURE]

*Le premier secrétaire, l'ambassade en Chine, à l'ambassadeur en Chine*

*First Secretary, Embassy in China, to Ambassador in China*

Chungking, May 11, 1946

7. I hope Miss Ricker arrived safely with the diplomatic bag and the boxes today. I thought I had had just about every experience there was to be enjoyed in getting off airlift shipments but I was disillusioned this morning. Miss Ricker has perhaps already told you about it but I cannot refrain from giving you a brief summary for the sake of the record of our move to Nanking.

8. Miss Ricker and I were up at four. We had breakfast at four-thirty. While we were finishing the last bit of marmalade, it started to rain. It poured. We were ready at five for the arrival of the truck which I had engaged together with the French Embassy. We waited until six. The plane was due to leave Nine Dragons at that hour. Then a French representative arrived and said that the truck was having trouble and could not come all the way. We must bring our boxes to the truck. Fortunately he had room for Miss Ricker in his passenger car. They departed to inform the Airport authorities that we were arriving.

9. I determined that this was not the proper occasion for Mohammed to go to the mountain. I ordered Chen to go down to the truck and tell them to come to the Embassy for our goods. He returned dripping like a drowned rat cursing and calling upon "Omeitofu". The truck driver refused to come any further than the second back-alley intersection with Fairy Grotto from our premises. Mohammed went to budge the mountain. It came. In the meantime, I had the servants load up our car with the boxes just in case the truck driver could not be persuaded to change his mind. When the truck arrived and I looked under the canvas, I found that it was full of people and baggage. What to do? The people refused to step out into the pouring rain and it was imperative to completely rearrange everything if our stuff was to be taken on. Chen and I crawled in over the top of it all. An old amah had two French dogs in a basket. She refused to let us move the miserable little hounds. She was afraid they would get wet. We pushed and shoved and packed in one after another of our boxes, pails and bed racks. Two boxes remained. We could not get them in. I asked our driver if I might place them on the front fenders. He said absolutely not. So I got our boys to lift them up on the fenders and tied them on myself as the boys were afraid to approach too close. I was lavish with rope as I did not intend to have them fall off. Everything was set. But there was no place for me. I asked if I could squeeze into the cab. The answer was, "No!" But said the driver you must sign a statement that we called here under protest. I said I would sign only after we came back from the airport. He said: "But you may not be here."

I told him to have no fears as I intended to go out with him and he could see to it himself that I returned to sign his statement. In the meantime I climbed into the cab. The co-pilot who was dry as he had not gotten out of the cab said I could not sit by him as I was soaking wet. I asked him what Province he was from. He said that he was Szechuan. Well, I replied I am from Hupeh. We are neighbours. Move over. He did. We had as uneventful a trip to Nine Dragons as is possible with a driver who steps the accelerator down as far as it will go that he may devote his full attention to keeping the rampaging truck on the slippery road. We arrived safely if not entirely sanely.

10. We were not too late though it was nearly eight o'clock. No one was worrying about us. It took me some time to locate anyone who would accept responsibility. I was informed at last that we must wait for a weather report. It arrived and the coolies began unloading the truck and carrying the stuff around the building and through corridors to a small room at the back. I could not understand this but before I could get a satisfactory explanation, the coolies started to carry the whole business back again to the truck. Now I demanded an explanation. I was told our plane was not leaving from this Airport but from Pai Shih Yi, forty miles on the other side of Chungking.

11. No one seemed to be very much disturbed. It was very casually arranged to crank up a plane and ferry the whole entourage to Pai Shih Yi. I made certain that all our stuff, bag and baggage not to forget our acting King's Messenger, was safely on board. The plane took off. I watched it disappear over the hills and looked for my French friend anticipating a ride back in the passenger car. But he had also disappeared. He seemed to be so glad when he found that the extra hop was not to cost the French Government any additional expense, I decided that he had gone to cable Paris. At any rate I had to look for a ride as I had signed the statement required by the truck driver and sent him off with my blessings thanking him for his many courtesies after admonishing him that politeness was an ancient Chinese virtue which it would be well even for truck drivers to cultivate. I accosted a number of people and sat around for some time before I got a ride. It took me as far as Chialing House. From there I called up Chen and told him to send the car for me. Then I remembered our gasoline had been thoughtfully replaced with water. So I asked the chauffeur to come to the phone asking him if there was enough gas to come to fetch me. He said there is about one gallon but the gravity feed would prevent the car from climbing the hill. I had my first bus ride in the reeking diesel wagons of Chungking. It was even worse than I thought. But I got home and Chen had the bath water drawn and dry clothes laid out. Then I joined him to finish the packing. We are ready for the passage to Nanking.

12. Two men came from the Ming Sung Company today to estimate the tonnage. They say there are about thirty tons by measure. It is packed

and ready to go. I hope you do not think it is too much although it exceeds our original expectations. Please let me have your comments in this regard.

Yours respectfully,

C. A. RONNING

1109.

DEA/8260-40

*L'ambassadeur en Chine au secrétaire d'État aux Affaires extérieures*

*Ambassador in China to Secretary of State for External Affairs*

DESPATCH 548

Nanking, May 15, 1946

Sir,

STUDENTS FOR CANADA

I have the honour to quote herewith a news item which appeared this morning in the Central News Agency Service. It deals with the despatch of Chinese students for overseas education. It indicates that the Chinese Department of Education has for the time being at least given up the idea of any reciprocal arrangement with Canada. The despatch runs:

Chungking, May 13 (Central): Two hundred forty Chinese college graduates will get a chance to make advanced studies on scholarships abroad either by going through selection or competitive examinations to be given by the Ministry of Education not later than the beginning of August, according to a spokesman of the Ministry of Education.

Of the 240 scholarships 100 are to be given by the Chinese Government, 50 donated by the United States Government, 20 by the British Government and the rest of the 20 Chinese students to be selected by the Ministry of Education for advanced studies in England and 50 students in exchange with the same number of French students.

The date for the examinations which was originally scheduled for Sept. 10, has been advanced to some time between the end of July and the beginning of August.

2. This of course is a great disappointment to me. For two years now I have been pressing for an arrangement under which a number of Chinese students would be taken to Canada each year for post-graduate work. As you must be aware, I have pressed throughout, not for a policy of charity to China, but rather for a Canadian investment in overseas economic contacts. I have stressed the point that the Chinese who have returned from education in the United States, Britain, France, and Germany, now occupy key positions in government and industry; and that whenever their duties call upon them to make purchases abroad, or to recommend such purchases to others, they invariably think of the outstanding firms and products of the countries where they have been educated.

3. I have been convinced that in no way could Canada get so permanent and so economical a field force in China as through the expenditure of money on the advanced education of outstanding young Chinese. The first investment

is the last. The young men will return to China full of enthusiasm for, and knowledge of Canada and her industries; and will devote a whole lifetime, without pay, to promoting Canadian interests in China and Chinese contacts with Canada.

4. The failure to take action along the lines I have so strongly recommended, and which I know have been supported by others is a great disappointment to me. I am aware that the fact that there has been no action up to the present does not mean that there will be no action in the future. On this point my confidence continues. But it would be very wrong if I were not to let you know how I feel on the subject. I am sure that a great opportunity has been lost, not permanently, but at a critical time in the development of Chinese industrial and trading life. China is today, as far as world economics are concerned, at the point where the little streams in the hills of Canada are to be found—that is, at the headwaters of the currents which eventually will form the great rivers. The directions now given to the currents will have a great bearing on the future of the courses they will follow.

I have etc.

VICTOR W. ODLUM

1110.

DEA/5068-B-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures  
au secrétaire d'État par intérim aux Affaires extérieures*

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

CONFIDENTIAL

[Ottawa,] June 7, 1946

Attached is copy of a note from the Chinese Embassy, dated May 31, 1946, with reference to the bearing of Order-in-Council No. 2071 of May 28, 1946 on the question of Chinese immigration into Canada.

It is suggested that instead of sending a formal note in reply, a representative of the Embassy should be asked to call, to whom it should be indicated that the Order-in-Council has been passed to meet conditions which have no relation whatever to the question of immigration from the Orient.

It should then be suggested to the Chinese representative that in view of the explanation given of the reasons for the Order-in-Council, the Embassy might wish to consider withdrawing the note.

It is an intemperate and unfair document, and if not withdrawn we shall have to give a stiff answer.<sup>1</sup>

H. W[RONG]

<sup>1</sup> La note suivante était écrite sur ce mémorandum:

<sup>1</sup> The following note was written on the memorandum:

Approved. St. L[AURENT]

## [PIÈCE JOINTE/ENCLOSURE]

*L'ambassadeur de Chine au secrétaire d'État aux Affaires extérieures*

*Ambassador of China to Secretary of State for External Affairs*

35-E539

Ottawa, May 31, 1946

The Chinese Ambassador presents his compliments to the Secretary of State for External Affairs and has the honour to state that he has noted with the deepest regret and keenest disappointment the announcement made by the Honourable J. A. Glen, Minister of Mines and Resources, on May 29th, of the Order-in-Council, dated May 28th, permitting the relatives of persons legally admitted to and resident in Canada to enter this country, but excepting from the operation of the new regulations immigration from the Orient.

Ever since the passing of the Chinese Immigration Act in 1923, the question of Chinese immigration into Canada has been a source of great dissatisfaction. It has also formed a subject of considerable discussion between the two Governments. But, in spite of the offer of the Canadian Government to solve the question, unfortunately, it has not yet seen its way to meet the wishes of the Chinese Government and nothing has come of the negotiations. As a result, hardly anything has been done to rectify the anomalous situation which has existed in relation to this matter.

What is more deplorable, the Canadian Government has, in the above-mentioned Order-in-Council, given evidence of a further attempt to discriminate between [*sic*] the people of a country which has been Canada's faithful ally during a long period of stress and strain.

The Chinese Ambassador has transmitted to his Government the contents of the new Order-in-Council and awaits instructions to communicate further with the Secretary of State for External Affairs on the subject.

1111.

PCO/M-30-2

*Le directeur adjoint, l'Agence des approvisionnements du gouvernement de la Chine, au ministre de la Reconstruction et des Approvisionnements*

*Deputy Director, Chinese Government Supply Agency,  
to Minister of Reconstruction and Supply*

No. 2591

Ottawa, June 17, 1946

Dear Mr. Howe,

We are negotiating the purchase of eleven frigates now in the West Coast of Canada from War Assets Corporation. There are four Class A and seven Class B without armament. The Government of China intends to use these

ships as customs patrol vessels, and it is their desire to have the full armament such as four-inch guns and mountings, oerlikon guns, bofor guns, all with the appropriate number of rounds of ammunition.

We have been advised by the Deputy Minister of National Defence, Naval Service, that the guns and ammunition are available; but before proceeding to make this purchase through the Canadian Commercial Corporation, we understand the policy of the provision of armament for ships other than Canadian warships is a matter for decision of His Majesty's Canadian Government and this matter will be presented to Council for a decision.

We are naturally desirous of buying the armament for the frigates in Canada, otherwise we understand the British Government or the United States War Assets Corporation would favorably consider our application for armament for the eleven frigates, but it is our desire to have this work done in Canada and we respectfully request your decision on our behalf in bringing this matter to a favorable decision so that we may facilitate delivery of the frigates.

Yours faithfully,

W. K. CHOW

1112.

PCO/C-20-2

*Extrait d'un mémorandum du secrétaire du Cabinet  
au sous-secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] June 28, 1946

Of the items dealt with at the meeting of the Cabinet held yesterday, the following items are of particular interest to your department:

. . .

### 3 *Sale of armaments to foreign governments*

The Cabinet considered two cases upon which your department had asked for decision viz., a proposed sale of six million cartridges to The Netherlands and the proposed sale of ten or eleven frigates and armament to the Chinese government (Cabinet document 234†, of which you have a copy).

After discussion the proposed sale to The Netherlands was approved and the proposed sale to the Chinese government was not approved.<sup>1</sup>

In this connection Mr. Wrong subsequently raised with me another Chinese request—for the purchase of Bren gun ammunition. I suggested to Mr. Wrong

<sup>1</sup> Voir les directives du Cabinet au sujet des propositions de ventes d'armes, document 1189.

<sup>1</sup> See the Cabinet's instructions regarding arms sales proposals, Document 1189.

that the decision on the frigates might be taken as covering, in principle, the second proposed transaction.

. . .

A. D. P. HEENEY

1113.

DEA/5068-B-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] July 4, 1946

CHINESE IMMIGRATION INTO CANADA

Attached is copy of a note from the Chinese Embassy, dated May 31, 1946,<sup>1</sup> with reference to the bearing of Order in Council No. 2071 of May 28, 1946 on the question of Chinese immigration into Canada.

2. It was felt that the note was intemperate and unfair and must rest on a misunderstanding on the part of Dr. Liu of the purpose of the Order in Council. With the approval of Mr. St. Laurent, Mr. Tien of the Embassy (in the absence of Dr. Liu) was asked to call and it was explained to him that the Order in Council had been passed to meet conditions which have no relation to the question of immigration from the Orient. It was then suggested that the Embassy might wish to withdraw the note. It was pointed out that, if this were not done, we would have to reply in terms which might make it more difficult to consider soberly and constructively the solution of the question of Chinese immigration in which we were both interested.

3. Mr. Tien called again on June 21st to say that his Ambassador had considered the representations made to him and had decided not to withdraw the note. Mr. Tien said the matter would be referred to Nanking.

4. It was thought that we should wait a few days before replying in case Dr. Liu might receive instructions from Nanking which would cause him to withdraw the note. Since this has not occurred the attached note has been drafted in reply.

5. As an alternative to sending this reply, the Prime Minister may wish to consider the advisability of asking Dr. Liu personally if the misleading memorandum might be withdrawn.

6. The Prime Minister will also wish to note that in the interviews with Mr. Tien, it was recalled (as has been done in paragraph 4 of the draft reply) that in January 1944 the draft of a proposed immigration treaty was handed

<sup>1</sup> Voir la pièce jointe, document 1110.

<sup>1</sup> See Enclosure, Document 1110.

to the Chinese Minister in Ottawa. When the Ambassador, in June 1944, had informed the Under-Secretary that the Chinese Government found it impossible to accept the principle on which the proposed treaty was drafted, the Under-Secretary had pointed out the advantages which it was believed the treaty contained and had referred to the impossibility of repealing the present Chinese Immigration Act unless some other workable agreement could be reached. It was then indicated to Mr. Tien that the way had always been open for the Chinese to make suggestions as to lines along which further consideration might be given to the question.

N. A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

*Projet de note du secrétaire d'État aux Affaires extérieures  
à l'ambassadeur de Chine*

*Draft Note from Secretary of State for External Affairs  
to Ambassador of China*

Ottawa, July 2, 1946

The Secretary of State for External Affairs presents his compliments to the Chinese Ambassador and has the honour to acknowledge receipt of his note of May 31, 1946, with reference to the announcement made by the Minister of Mines and Resources of Order-in-Council No. 2071 of May 28, 1946.

2. The statement of the Chinese Ambassador that the Order-in-Council excepts immigration from the Orient from the operation of the new regulations cannot be accepted. The regulations at present controlling immigration into Canada prohibit the landing in Canada of immigrants of all classes and occupations with certain specified exceptions. Order-in-Council No. 2071 merely provides for the addition of certain other exceptions to the specified list. In his statement to the House of Commons on May 29, 1946, in which he referred to conditions in Europe, the Minister of Mines and Resources made it clear that the Order-in-Council is intended as a short term measure and that these exceptions have been added in order to meet, in some degree, the pressing demands being made on behalf of certain refugees or displaced persons in European countries. On two occasions during the war, it may be recalled, Orders-in-Council were similarly passed to modify immigration provisions in order to improve the position of Chinese citizens and persons of Chinese origin.

3. None of these Orders-in-Council can be regarded as making any change in Canadian immigration policy. It is regretted, therefore, that the Chinese Ambassador should interpret the present action of the Canadian Government as giving evidence of a further attempt to discriminate against the people of a

country which has been Canada's ally during a long period of stress and strain and that he should characterize as deplorable an action inspired in large part by humanitarian considerations.

4. The reference in the note of the Chinese Ambassador to the offer of the Canadian Government to solve the question of Chinese immigration into Canada is noted; also the statement that the Canadian Government has not yet seen its way to meet the wishes of the Chinese Government. It will be recalled that on January 17, 1944, the draft of a proposed treaty was handed to the Chinese Minister in Ottawa and on June 2, 1944 the Chinese Ambassador informed the Under-Secretary of State for External Affairs that the Chinese Government found it impossible to accept the principle on which the proposed treaty was drafted. The Under-Secretary pointed out the advantages which it was believed the treaty contained and referred to the impossibility of repealing the present Chinese Immigration Act unless some other workable agreement could be reached. The way has always been open for the Chinese Government to make suggestions as to lines along which further consideration might be given to the question.

1114.

DEA/5068-B-40

*Mémoire du cabinet du Premier ministre au  
sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Office of the Prime Minister to  
Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa,] July 9, 1946

## CHINESE IMMIGRATION INTO CANADA

The Prime Minister has read the memorandum of July 4 together with the note from the Chinese Embassy and the draft note in reply.

Mr. King asks whether the order in council cannot be amended so as to include persons of the Chinese race, without specifying them by name but including them under the general category of nationals of one of the United Nations.

Mr. King says that if this could be done he would willingly see Dr. Liu and would then feel able to ask him to withdraw the note of May 31.

The Prime Minister said that he thought there might be something in what the note from the Chinese Embassy represented. I said I made no attempt to defend the general position respecting Chinese immigration into Canada; but I was concerned that a note should be based on what was in my judgment the misapprehension of the exact circumstances. I pointed out that the negotiations for a comprehensive agreement between Canada and China which

would cover the situation described in the note, had been broken off at the instance of the Chinese Government and had not since been resumed.

J. A. G[IBSON]

1115.

DEA/5068-B-40

*Le directeur de l'immigration, le ministère des Mines et des Ressources,  
au sous-secrétaire d'État aux Affaires extérieures*

*Director of Immigration, Department of Mines and Resources,  
to Under-Secretary of State for External Affairs*

Ottawa, July 15, 1946

Dear Mr. Robertson,

I have your letter of the 11th instant† concerning the note received from the Chinese Ambassador relative to the recent changes in the Immigration Regulations, and the suggestion that the Order-in-Council (P.C. 2071 of May 28th, 1946) effecting these changes might be so amended as to include persons of the Chinese race. To take this action would bring about such far-reaching results that I believe the same would be impracticable.

To put the suggestion into effect it would be necessary to make changes in the basic Order-in-Council P.C. 695 of March 21st, 1931, which now does not apply to immigrants of the Asiatic race, but recording therein the specific Asiatic races that should be excluded and the classes of Asiatic immigrants that are to be admitted thereunder. P.C. 2115 of September 16th, 1930, which excludes Asiatic immigrants other than the wife and child of a Canadian citizen and those admissible under the Chinese Act, would require to be rescinded.

A simple way of effecting the change would be to rescind P.C. 2115 (The Asiatic Order-in-Council) and reenact same by prohibiting the admission of immigrants of any Asiatic race with the exception of those whose admission is desired.

Either procedure would result in the Chinese Immigration Act becoming largely ineffective for the purpose it now serves. In other words, the provisions of the Statute would be almost altogether nullified by the Orders-in-Council passed under the authority of another Act.

The actual effect of the changes referred to above would be that a person of Chinese race in Canada could apply for and bring to Canada, subject to health, character, and ability to provide for maintenance,

- (a) a wife and child under 18 years,
- (b) unmarried sons and daughters 18 years of age and over,
- (c) unmarried brothers and sisters,
- (d) father and mother.

It would be difficult to exclude East Indians, or if this were done to justify the distinction.

The admission of the classes would mean a very considerable Asiatic immigration, practically all of which would be destined to British Columbia.

Yours very truly,

A. L. JOLLIFFE

1116.

DEA/5068-A-40

*Mémorandum de la troisième direction politique*

*Memorandum by Third Political Division*

[Ottawa,] July 17, 1946

NEW CHINESE IMMIGRATION AGREEMENT PROPOSAL

The Chinese Ambassador came to see the Under-Secretary yesterday afternoon to discuss a new approach to the question of Chinese immigration into Canada, which he had been authorized to make by his Government.

Dr. Liu said that he was most anxious to see some agreement reached which would settle the present unsatisfactory situation that existed in regard to Chinese immigration into Canada. Since the breaking off of the last conversations over the Canadian draft immigration treaty, Dr. Liu said that he had informed his Government fully of the difficulties which the Canadian Government faced in introducing legislation along the lines of the recently introduced U.S. regulations governing Chinese immigration. He said that on the whole his Government favoured the quota approach to the problem but recognized the fact that it would be difficult to work out such an agreement with Canada since its immigration policy had not developed along quota lines.

Dr. Liu said that instead of restricting immigration to Canada along lines of occupations (as was suggested in our previous draft) his Government thought that Chinese immigration might be restricted in terms of "next-of-kin" and that the numbers might be limited by some agreed annual quota.

Mr. Robertson thought that the "next of kin" proposal may have been suggested by the recent Order-in-Council which permits the entry into Canada of immigrants from Europe whose support is guaranteed by next-of-kin resident in Canada. This, too, would fit in with the pressure which has been put on the Chinese Ambassador by Chinese resident in Canada and on the Chinese Government by relatives of Chinese resident in Canada to endeavour to work out with the Canadian Government some relaxation of the present complete exclusion of Chinese immigration into Canada.

Mr. Robertson told Dr. Liu that the Government was reconsidering at this time its whole immigration policy to see what revisions should be made to meet the requirements of the post-war period. He added that we would give prompt and sympathetic consideration to the Ambassador's proposal of the lines along which an agreement might be worked out.

A. R. M[ENZIES]

1117.

PCO/C-20-2

*Extrait d'un mémorandum du secrétaire adjoint du Cabinet au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Extract from Memorandum from Assistant Secretary to the Cabinet to Acting Under-Secretary of State for External Affairs*

[Ottawa,] July 29, 1946

Of the items dealt with at the meeting of the Cabinet held today, the following items of particular interest to your department were dealt with:

1. *Sale of armaments to foreign governments*

Mr. Howe reported that the Chinese government were prepared to proceed with the acquisition of a number of disarmed surplus frigates.

In these circumstances, the Cabinet decision of July 27th, would, presumably, apply only to vessels which had not been demilitarized.

The Cabinet, after further discussion, agreed that the proposed sale of disarmed frigates to China be approved.

. . .

J. R. BALDWIN

1118.

DEA/5068-A-40

*Mémorandum de la troisième direction politique au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Third Political Division to Acting Under-Secretary of State for External Affairs*

[Ottawa,] July 31, 1946

CHINESE IMMIGRATION INTO CANADA

Mr. R. G. Robertson and I discussed the recent proposal of the Chinese Ambassador for a Sino-Canadian Immigration Agreement with Dr. Keenleyside. Dr. Keenleyside was of the view that neither of the two suggestions made by the Chinese Ambassador, viz., next-of-kin and annual quota, were likely to be found a suitable method of approaching the Chinese immigration question. Dr. Keenleyside felt that it would be very difficult to limit by any numerical quota the entry of next-of-kin to Canada once we accepted that as a basis for the entry of Chinese to this country. He said that at the time we made our original proposals for a reciprocal immigration treaty we had canvassed pretty carefully the question of setting up quotas for the entry of all national groups that would be difficult to assimilate in Canada and that the Immigration Branch had seen insuperable obstacles in the way of introducing such legislation in the House.

Our discussion indicated that there would be a good deal of difficulty in considering constructively the Chinese Ambassador's proposal. We thought,

therefore, that it might be better to let the matter stand over until the Inter-departmental Committee on Immigration Policy had an opportunity to consider this and other related questions. If you think it desirable, we might refer this specific question to that Committee to indicate the difficulties that we faced in working out a satisfactory agreement with the Chinese.

I am attaching a letter to the Chinese Ambassador<sup>1</sup> for your signature and also one to Mr. Jolliffe.†

A. R. M[ENZIES]

1119.

DEA/5068-A-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
à l'ambassadeur de Chine*

*Acting Under-Secretary of State for External Affairs to Ambassador of China*

Ottawa, July 31, 1946

Dear Dr. Liu,

Before leaving for Paris, Mr. Robertson spoke to me about the new proposal you had made in connection with Chinese immigration into Canada.

As I understand it, you suggested that consideration might be given to the admission to Canada of next-of-kin of Chinese residents in this country with some overall annual limitation as to the numbers to be admitted.

After a preliminary examination of this proposal, it has been concluded that it would be wise to let this matter stand over for a while until the Inter-departmental Committee on Immigration Policy, which is examining the whole question of immigration into Canada, has got further along with its work.

I shall communicate with you again as soon as we are in a position to make any concrete comments on your proposal.

Yours sincerely,

H. H. WRONG

1120.

PCO/M-30-2

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures  
au secrétaire adjoint du Cabinet*

*Memorandum from Acting Under-Secretary of State for External Affairs  
to Assistant Secretary to the Cabinet*

TOP SECRET

Ottawa, August 1, 1946

On June 27th the Cabinet decided not to sell a number of frigates to the Chinese Government, complete with armament. The Chinese wish to use these frigates for the Chinese Customs Service and therefore want them with whatever armament is required for customs preventive work.

<sup>1</sup> Voir le document suivant.

<sup>1</sup> See following document.

We have been informally notified by the United Kingdom High Commissioner's office that the Chinese have approached that office with a request that the United Kingdom Government supply the armament. The United Kingdom High Commissioner does not wish to forward this request to the Admiralty without knowing what our attitude would be. I understand that the Navy is anxious to dispose of the ships and would, from the point of view of supply, have, of course, no objections to selling the armament as well.

In view of the previous decision of Cabinet, it seems to me desirable that the position should be submitted once more to Cabinet for consideration. There are three courses open:

(i) We can inform the United Kingdom High Commissioner that we would like the Admiralty to turn down any request from the Chinese for arming these ships. That would seem to be going rather a long way provided that the United Kingdom authorities are satisfied about the end use of the armament in China. The Chinese Customs Service has had in the past a good reputation and has employed a good many British subjects;

(ii) We can inform the United Kingdom High Commissioner that although we are not prepared to furnish the arms ourselves we would not wish to stand in the way of the Chinese getting the arms they desire in the United Kingdom. This is open to the objection that we have surplus armament and might just as well dispose of it on these ships if they are going to be armed in any event.

(iii) We can reverse the earlier decision and agree to supply the ships with armament, perhaps with some restriction as to the type of armament to be left on the vessels. I presume that we would want, in any event, to remove a fair amount of the special equipment installed to meet the conditions of convoy duty in the North Atlantic, and that what the Chinese really want is the guns and ammunition.

I see no serious objection on the grounds of policy to the third course. As the matter is rather pressing, I should be glad if you could seek to secure consideration by Cabinet this week.

H. W[RONG]

1121.

DEA/3978-40

*L'ambassadeur en Chine au secrétaire d'État aux Affaires extérieures*

*Ambassador in China to Secretary of State for External Affairs*

DESPATCH 847

Nanking, August 1, 1946

Sir,

AMALGAMATION OF RELIEF AGENCIES

I have the honour to send to you herewith copies of three letters† dealing with a report which Mr. Ronning brought to me from Shanghai, to the effect

that an amalgamation of relief agencies operating in China had been decided upon, and was about to be put into force. The letters to which I refer are:

(a) letter from myself to Rev. V.J.R. Mills, dated July 18, 1946, asking him for particulars of the meeting held in Shanghai while Mr. Ronning was there;

(b) letter from Mr. A.A. Dorland, Secretary of the Canadian Advisory Committee of the Canadian Red Cross and Chinese War Relief Fund of Canada, commenting on a copy of the letter which I wrote to Mr. Mills, which I had sent to Mr. Dorland; and

(c) letter from Mr. Mills dated July 27th written in reply to my letter of July 18th.

2. One of the problems facing those who are interested in Canada's effort in China arises from the attitude of professional relief workers. They are inclined to adopt efficiency methods, which means, of course, efficiency from their own point of view, and in line with their own desires and projects. They are inclined to overlook the natural aspirations and wishes of those in Canada who deny themselves in order to make contributions to China.

3. As I have advised you on a number of occasions in the past, I think that the task of Canadian agencies operating in China is two-fold

(a) to actually do good, and to help those who are suffering; and

(b) to make Canada better known to China, and by so doing, to extend and make more solid the foundations of goodwill between Canadians and Chinese.

The second objective can only be reached if the Chinese are made conscious of what Canadians are doing in China. If the Canadian effort becomes anonymous, the first objective will be accomplished, but all sight of the second objective will be lost, and Sino-Canadian goodwill will not be consciously developed.

I have etc.

VICTOR W. ODLUM

1122.

PCO/C-20-2

*Mémorandum du secrétaire adjoint du Cabinet au sous-secrétaire d'État  
par intérim aux Affaires extérieures*

*Memorandum from Assistant Secretary to the Cabinet to  
Acting Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, August 2, 1946

At the meeting of the Cabinet held today, the following item of particular interest to your department was dealt with:

*Sale of armaments to foreign governments*

The Assistant Secretary, referring to the decision of the Cabinet on July 29, 1946, reported that the office of the United Kingdom High Commissioner in Canada had been approached by Chinese officials with a view to purchase from the United Kingdom armament for the disarmed frigates being obtained from Canada.

Before dealing further with the request the U.K. authorities wished to ascertain the attitude of the Canadian government.

The Cabinet, after discussion, agreed that the High Commissioner for the United Kingdom in Canada be informed that the Canadian government had refused to sell arms and ammunition to China for the frigates in question and that the frigates would not be permitted to leave Canadian waters bearing arms or ammunition.

J. R. BALDWIN

1123.

DEA/9030-40

*L'ambassadeur en Chine au secrétaire d'État aux Affaires extérieures*  
*Ambassador in China to Secretary of State for External Affairs*

DESPATCH 854

Nanking, August 3, 1946

Sir,

SHIPS FOR SALT ADMINISTRATION

I have the honour to call your attention to your telegram No. 418, dated August 1,† which has just reached me. I would like to impress on you the fact that when firms in China similar to the Salt Administration ask for quotations on ships, they are, in fact, asking for assistance and guidance, since they have no technical advice available to them in China. There are no naval architects whom they can consult, and there are no engineers who could prepare satisfactory drawings for them.

2. Under similar circumstances the Americans are in the habit of acting very quickly and sending to the scene a specialist able to deal with the situation. Along this line they have shown a great deal of enterprise and have been very prompt to act, even though at considerable initial cost. I have not yet been able to discover under what system they take care of this initial cost, but in many instances they certainly act before any arrangement is made. There is no doubt that, in the end, if a contract is entered into, the costs of the preliminary trips and expert advice must be included in the final figure.

3. The Salt Administration, like the Ming Sung Company and other concerns, have come to us because of their psychological bias towards Canada. We have not met them with the promptness and decisiveness which have been shown by the Americans. As a matter of fact, in no single instance have we

acted with decision. Our attitude has been to hold back and expect the Chinese to supply the technical details, which, as a rule, are entirely beyond their reach.

4. It is true that in many cases the Americans have been over-hasty, and in their zeal they have promised things which they have not been able to deliver. This has caused a good deal of dissatisfaction and hard feeling. On the other hand, we have given the impression that we are not seriously in the field at all, and that our claimed technical skill and industrial capacity are questionable.

5. When dealing with Chinese firms under present conditions, and with the severe limitations which do exist in China, it would be wise, I think, to study the conditions under which initiative could be taken. It is true that it was suggested that Mr. Danner should come to China in connection with the modernizing of the salt production operations. However, the fee asked by Mr. Danner of \$250.00 gold a day, plus expenses, seemed very high to the Chinese, particularly when no time limit was indicated. In the eyes of the cautious Chinese, the time might easily have stretched out to six months or more.

6. I know that Canada just now is passing through troubled industrial times. Still, in spite of this, I think her line of operation should be clear-cut and decisive. It is always possible to come close to a contract and then to delay its final consummation, pending the establishment of reasonably stable conditions. The Chinese understand what is happening, and are very tolerant and patient. Apart from their technical incompetence and their lack of specific and detailed knowledge, it is a pleasure to negotiate with them.

I have etc.

VICTOR W. ODLUM

1124.

DEA/9030-40

*Mémoire de la troisième direction politique  
au chef, la direction économique*

*Memorandum from Third Political Division to Head, Economic Division*

[Ottawa,] September 12, 1946

In spite of the fact that General Odlum will have left for Canada on leave before another mail can reach him, I think it would be helpful to our Embassy in Nanking to know the reason why we have not been able to send favorable replies to the many trade and investment leads that General Odlum has sent forward. General Odlum undoubtedly feels that we have not shown enough enterprise for a young, vigorous trading nation in following up the leads that he has uncovered for us. This is principally due to the fact that he is not

sufficiently familiar with the method of operation of the Canadian Government and Canadian business in general. I suspect that he may have gained a wrong impression of big business through overhearing conversations of his cousin, Floyd Odlum, who would be talking, quite likely, in terms of hundreds of thousands of dollars.

With General Odlum's departure our Embassy will require, and will be prepared to accept a good deal more direction from Ottawa. I think that any explanation we can give them of the difficulties involved at this end in pursuing trade and investment leads would be appreciated, particularly since those on the spot have very little practical experience with Canadian Government practices. I should think it would be a good idea to add a further paragraph to your draft despatch saying that we understand that a senior Canadian Government Trade Commissioner will be going out to Shanghai some time this fall. With his greater familiarity with Canadian Government procedure and the organization of Canadian business he should be in a better position to investigate trade inquiries in China more thoroughly before sending forward recommendations and suggestions to the Canadian Government. He will also be able to distinguish between the large venture that may require Government credit, the intermediate venture that may appeal to private Canadian groups, such as E. P. Taylor's Sino-Canadian Development Corporation, and the small agency business for the handling of ordinary commodity exchanges.

A. R. M[ENZIES]

1125.

DEA/9030-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Chine*

*Secretary of State for External Affairs to Ambassador in China*

DESPATCH 333

Ottawa, September 13, 1946

Sir,

I have the honour to refer to your despatch No. 854 of August 3rd with respect to the need for enterprise on the part of Canadians in pursuing prospective contracts in China.

The situation which you describe is probably unavoidable in the present circumstances. In the first place, the political situation in China is highly disturbing to commercial relationships. Secondly, Chinese proposals generally are not attractive because of the uncertainty surrounding the means of payment. Lastly, there is a heavy domestic and export demand in most lines that makes it unnecessary for firms to seek business and reluctant to consider proposals that offer any considerable difficulties. I feel it is improbable that Canadian concerns will be willing to run risks in the Chinese market until we are in a position of having surplus goods for export and are hard pressed for foreign markets.

As you are aware, we have tried to meet some of the difficulties through Government guarantee of credits. The Chinese projects under consideration cover some \$40,000,000, one-fifth of the total available for all countries. However, negotiations over guaranteed contracts are inevitably complicated and protracted and are not attractive to the Canadian firms except where there are very substantial amounts involved.

Perhaps some improvement might come through the appointment by Chinese principals of representatives in Canada. It will be interesting to see if the presence of the representative of the Szechwan Salt Administration in Canada will lead to the conclusion of a Canadian contract.

I have etc.

S. D. PIERCE  
for the Secretary of State  
for External Affairs

1126.

DEA/9030-A-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] September 14, 1946

Herewith is a memorandum, prepared for Cabinet consideration, authorizing the conclusion of a commercial modus vivendi with China. The effect of the agreement would be to give China most favoured foreign nation treatment in Customs matters, on a basis of reciprocity. At present, China is one of a very small number of countries whose products are subject to the rates of our General Tariff. Since China has a single level tariff and gives Canadian goods the lowest rates accorded to goods imported from any country, the present position amounts to a de facto discrimination against Chinese trade.

It had been hoped that this modus vivendi could be authorized in time for General Odlum to sign the agreement with the Chinese Government in Nanking before his return to Canada. If this is not possible, the Chargé d'Affaires could sign it instead, or we could shift the venue to Ottawa and let Dr. Liu sign.<sup>1</sup>

N. A. R[OBERTSON]

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

Yes. ST. L[AURENT]

## [PIÈCE JOINTE/ENCLOSURE]

*Mémoire du secrétaire d'État aux Affaires extérieures au Cabinet*  
*Memorandum from Secretary of State for External Affairs to Cabinet*

Ottawa, September 12, 1946

## COMMERCIAL MODUS VIVENDI WITH CHINA

1. The Chinese Government has enquired concerning the possibility of negotiating a commercial agreement between Canada and China.

2. By the terms of the Canada-China Extraterritorial Treaty of the 14th April, 1944, Canada and China are bound to negotiate a commercial treaty within six months of the termination of hostilities. It has not however, been considered advisable to negotiate a substantive commercial treaty prior to the discussions to be held throughout the next twelve or fifteen months relating to a multilateral agreement on tariffs and trade and the establishment of an International Trade Organization. Nevertheless, it has been felt that there would be advantages in negotiating an interim arrangement with China. The Chinese Government has expressed its preference for a commercial modus vivendi rather than a formal trade agreement. Accordingly, a draft modus vivendi providing for the reciprocal granting of most-favoured-nation treatment for the period of one year has been negotiated by officials of the Governments of Canada and China. The draft agreement, which is quoted in extenso hereunder, will, if concluded remain in force after that period subject to termination by either Government on three months' notice.

3. It is considered that the conclusion of this modus vivendi would help to increase the flow of trade between Canada and China to the mutual benefit of the two countries. The modus vivendi will come in force on the exchange of Notes between the Canadian Ambassador to China and the Chinese Minister of Foreign Affairs.

## RECOMMENDATION:

It is therefore recommended by the undersigned, with the concurrence of the Minister of Trade and Commerce, the Minister of Finance and the Minister of National Revenue that the Secretary of State for External Affairs be authorized to inform Major General V. W. Odium, C.B. C.M.G., D.S.O., Canadian Ambassador to China, or in his absence Chester Ronning, Canadian Chargé d'Affaires, a.i., that it would be in order to complete negotiations for the proposed Modus vivendi with China by an exchange of Notes in the following terms:

1. Articles, the growth, produce or manufacture of China shall not, on importation into Canada, be subject to higher duties or charges than those levied or which may hereafter be levied on like articles, the growth, produce or manufacture of any other foreign country.

2. The advantages now accorded, or which may hereafter be accorded by Canada exclusively to other territories under the sovereignty of His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty, protection or mandate, shall be excepted from the operation of this agreement.

3. Articles, the growth, produce or manufacture of Canada shall not, on importation into China be subject to higher duties or charges than those levied or which may hereafter be levied on like articles the growth, produce or manufacture of any other foreign country.

4. The advantages now accorded or which may hereafter be accorded by China to adjacent countries in order to facilitate frontier traffic shall be excepted from the operation of this agreement.

5. Articles, the growth, produce or manufacture of either country imported into the other shall in no case be subject in matters concerning customs duties and subsidiary charges, or as regards the methods of levying such duties and the rules and formalities connected with importation, and with respect to the laws and regulations affecting the taxation, sale, distribution or use of imported goods, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome than those to which the like articles the growth, produce or manufacture of any third country are or may hereafter be subject.

6. It is understood that the present note and Your Excellency's reply will constitute an agreement between the two governments which will enter into force on the..... and, if a Trade Agreement is not concluded before, will remain in force for one year to the....., and thereafter will remain in force subject to termination by either Government at any time on giving three months' notice.

1127.

DEA/9030-A-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

[Ottawa,] September 17, 1946

COMMERCIAL AGREEMENT WITH CHINA; PROPOSED MODUS VIVENDI

At the meeting of the Cabinet on September 17th, the Secretary of State for External Affairs submitted a departmental memorandum recommending the conclusion of a commercial modus vivendi with China, the effect of which would be to give China most-favoured-nation treatment in customs matters on the basis of reciprocity.

The Cabinet, after discussion, approved the recommendation submitted by the Minister and authorized completion of negotiations with China by an exchange of notes in the terms set out in the departmental memorandum.<sup>1</sup>

<sup>1</sup> Voir l'échange de notes entre le Canada et la Chine le 26 septembre 1946 dans Canada, *Recueil des traités*, 1946, N° 37.

<sup>1</sup> See exchange of Notes between Canada and China of September 26, 1946 in Canada, *Treaty Series*, 1946, No. 37.

1128.

DEA/5068-B-40

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

DESPATCH 465

Ottawa, October 22, 1946

CONFIDENTIAL

Sir,

I have the honour to enclose for your information copies of correspondence† between the Prime Minister's Office, the Director of Immigration and this Department concerning the quarantine examination of Chinese passengers in accordance with provisions of Section 20 of the Chinese Immigration Act. You will note from this correspondence that passengers aboard the S.S. *General Meigs* en route from Vancouver to Yokohama in June of this year wrote to the Prime Minister protesting against discrimination being shown Chinese passengers and members of the crew of the vessel in the special procedure followed for their quarantine inspection.

Pending arrival at some mutually satisfactory solution of the general question of Chinese immigration into Canada that would permit the rescinding or modification of the Chinese Immigration Act, the Government has endeavoured wherever possible, to administer the provisions of the Chinese Immigration Act in such a manner as to avoid criticism on the grounds of racial discrimination against persons of Chinese origin. I am, therefore, very glad to note from the last paragraph of Mr. Jolliffe's letter of October 17† that the Immigration Branch has now arranged with the Quarantine Service to accept the usual quarantine pratique in place of the special Bill of Health previously required, and that instructions have been issued to Quarantine officers that where it is considered necessary to muster passengers and crew there is to be no differentiation between nationalities. These instructions will eliminate the possibility of further complaints such as that filed in regard to the passengers on board the S.S. *General Meigs*.

I have etc.

K. P. KIRKWOOD  
for the Secretary of State  
for External Affairs

1129.

DTC/Vol. 306,T10591

*Mémorandum du directeur, la direction économique, le ministère des Finances,  
au ministre des Finances*

*Memorandum from Director, Economic Division, Department of Finance,  
to Minister of Finance*

CONFIDENTIAL

Ottawa, October 28, 1946

## GUARANTEED CREDITS FOR CHINESE PROJECTS

I met this morning by arrangement with General Odlum, Mr. Pearson and representatives of other interested Departments to discuss this subject with Odlum immediately on his return here and in the hope that we could explain the situation somewhat to him and raise the important questions with him before he got too far in discussions with various persons individually, and before he saw you and Dr. Clark, as undoubtedly he will endeavour to arrange to do. I thought I should give you a very brief resumé of the points involved, as I see them.

By way of background, you will recall that we have agreed to loan the Government of China \$60 million, of which \$25 m. has been earmarked for the purchase of supplies and equipment requested by China as Mutual Aid, other surplus items, and some industrial equipment which China had sought to purchase from Canada before the loan was arranged. The size of the loan in general, and in particular the size of the \$35 m. available for post-war requirements apart from Mutual Aid and other items mentioned above, was considered very carefully by yourself and the Government and decided upon as being roughly in the proper relation to the credit of \$500 odd million which the U.S. was said to be making to China at that time. In addition to this agreement we are now completing arrangements to lend up to \$12½ m. to the Ming Sung Industrial Company, guaranteed by the Government of China, for the purchase of ships and some related equipment in Canada. This company is an old, established Chinese shipping and industrial company, in whose management we have some reason to feel confidence and which will afford us useful business connections.

At the time of making our main loan to China, you wrote to General Kiang, who was representing the Chinese Government in the matter, as follows:

Mr. Bryce has reported to me the strong desire of your Government to have us increase the amount of credit which we could make available to you. I have discussed this matter with my colleagues, and I must report that the Canadian Government is not prepared at this early stage to agree to a larger credit for general post-war purposes than the one I have outlined above. As you know, however, we have indicated our willingness to consider the provision of guarantees for credits obtained in Canada for the financing of specific industrial projects, and we remain prepared to consider any projects along this line that your Government wishes to put forward itself or permit Chinese nationals to put forward.

On the basis of this statement of the Canadian Government policy, which was communicated to him at the time, and of other somewhat similar indica-

tions of Government policy, General Odlum has been discussing with the Chinese various industrial projects which might be put forward to us here for consideration in connection with guaranteed credits. He has recommended a number of these projects to us for favourable consideration, and in one or two instances he has, I think, gone some distance in indicating to the Chinese that the Government here would give sympathetic consideration to the project in question, although he had not sufficiently definite word from Ottawa to justify this expression of opinion.

We have told General Odlum of the general reluctance of the Government at the present time to go ahead with any new export credit commitments, and have indicated to him that any projects put up at this time would be scanned rather carefully and critically. We have told him that amongst the things we would wish to take into account are the usefulness of projects in providing us with employment, the value of the later trade connections and markets that will be developed in making these arrangements, and, as well, the contribution that they will make to the development of a strong, stable and democratic China, which, of course, is a matter that is of concern to us as well as to the Americans, although perhaps not in such great degree proportionately. We have told him that in addition to our general concern over the political situation, we are particularly concerned over the dangers involved at the present time in Government controlled and sponsored companies and projects which may be associated with various bureaucrats or cliques that are lining their pockets now during the period of confusion and corruption. We have asked him as to his views regarding the practicability of investigating these various projects under consideration. We made clear to the General that no increase in the credit to the Government of China itself could be contemplated at this stage, and that even any industrial projects coming within our policy statement would probably be undertaken somewhat reluctantly and, if possible, we would want to have the production on them deferred as long as possible from the point of view of our own supply and employment situation.

We had, I think, a useful discussion with the Ambassador on these matters. On the whole, he understood and accepted the point about making any further general commitments for credits at the present time, but he thought it highly desirable that we should continue to consider and act upon some of these industrial projects. He emphasized that the U.S. were going ahead in this field, even though they were holding up on the general credit to China, as a technical device in assisting General Marshall's endeavours to secure a truce in the civil war and some reorganization of the Government. He emphasized that the vast majority of people in China are at work and that, despite the confusion, political uncertainty and corruption, some progress is being made in the economic sphere. He said that there was a very favourable attitude toward Canada, and that we should take advantage of this in building up our trade connections with them. He certainly wanted us to proceed with the consideration of the better projects that were being brought forward to us. He spoke specifically of the political risks and he told us he had been assured not only by the lead-

ers of the present Government but by one of the highest Communist leaders that any Chinese Government in the future that may emerge out of the present political uncertainties will honour the external obligations being assumed now by the present Chinese Government for the purpose of re-establishing their economic life.

We did not discuss at any length the various projects that he has put forward and encouraged the Chinese to put forward. As yet we do not have sufficient information in my opinion to justify forming any attitude on them. I think the three that look best from our point of view are the following:

1. The Hwainan Mining and Railway Company project, which involves expenditures of about \$7 m. for equipment to restore and somewhat expand this privately-owned railway and mining company.

2. The Lung Chi Ho Power Project. This involves expenditures of approximately \$5 m. for equipment from Canada for the construction of a power plant on the Yangtze River in Lower Szechuan, not far from Chungking. This would be a publicly-owned company in which both the Central and Provincial Governments will share.

3. The Taiwan Electric Power Company Project. This involves purchases of about \$6 m. worth of Canadian equipment for the reconstruction and improvement of this Japanese-built and formerly Japanese-owned power system on the Island of Formosa. This appears superficially to be a sound scheme economically. It is likely that our Aluminum Company, and possibly Noranda Mines, will be engaged in the operation and possibly to some degree the financing of industrial and mining projects using this power, and we may be able to bring them into some arrangement for a guaranteed credit to this Company. It looks as though the Company will be very largely, if not wholly, owned by the Chinese Government or one of its agencies, as it has been taken over from the original Japanese owners.

Odlum has also suggested a number of small hydro-electric projects, about which I am not prepared to venture any comment at present. Some of these might be worthy of consideration, but I would think we were going far enough if we undertook to consider and study the projects listed above.

One of the projects which Odlum will probably mention is the provision of credits to the China Merchants Steam Navigation Company for the construction and purchase of ships in Canada. This is a large project, involving about 35 ships of fairly substantial size, and probably involving between \$35 and \$40 m. credits at least. Trade and Commerce, External Affairs and ourselves are all dubious about this project. The Company is entirely owned by the Government, it has been mixed up in Chinese politics repeatedly, the record of administration is not good, and the amounts involved are quite large and concentrated in an industry where we have relatively little chance to build up continuing business. Odlum admits most of these facts, but he stresses the soundness of river shipping and coastwise shipping in China, the enthusiastic

backing this matter has now by the Chinese Government and particularly T. V. Soong himself, and the encouraging quality of the present administration of the Company. I certainly would prefer to see this project financed elsewhere, either by the U.S.A. or by the International Bank.

I have not attempted to raise the question of whether we should enter upon any more of these projects at all. I feel that we should discuss the matter on the basis that we are not closing out entirely the line of policy laid down at the end of last year. Moreover, there will be delays in these things, and apparently the Chinese are prepared to go ahead on plans involving construction and employment in Canada in 1948 and subsequent years. At that time such business may be of value to us and we will not be up against the supply difficulties that we are at present. I propose to get more information about the policy being followed by the United States in regard to China, so that we will not be getting out ahead of the Americans in this matter of mutual concern.

R. B. BRYCE

1130.

DTC/Vol. 306,T10591

*Le sous-ministre par intérim du Commerce au sous-secrétaire d'État  
aux Affaires extérieures*

*Acting Deputy Minister of Trade and Commerce to Under-Secretary of State  
for External Affairs*

Ottawa, October 29, 1946

Dear Sir,

SHIPS FOR THE CHINA MERCHANTS STEAM NAVIGATION COMPANY

I would refer to your letter of the 24th of October,† forwarding copy of Despatch No. 979, of September 7th,† from the Canadian Ambassador to China, concerning the China Merchants Steam Navigation Company's ship-building programme.

In the recent report of the Export-Import Bank of Washington, it is stated that up to June 1946, individual credits for construction of coastal and cargo vessels to China have amounted to only U.S. \$6,800,000.00.

We have already committed ourselves for a guarantee of credits to the Ming Sung Industrial Company Limited. This project is to construct a number of merchant ships in Canadian yards, amounting to a maximum of \$15,000,000.00. It is considered that this appreciable credit is all that should be granted the shipping industry at this time.

Having in mind a policy of granting a guarantee of credits to diversified interests in China, so that they will have the effect of intensifying trade with various types of industries in China, and providing diversified exports and employment in Canada, I feel that, for the present the guaranteed credit to

the Ming Sung Industrial Company Limited is sufficient, and any further credits that may be granted should be directed to other industries.

Yours faithfully,

OLIVER MASTER

1131.

DEA/6993-C-2-40

*Le ministre des Finances et le ministre du Commerce  
au Gouverneur général en Conseil*

*Minister of Finance and Minister of Trade and Commerce  
to Governor General in Council*

Ottawa, November 1, 1946

The undersigned have the honour to report:

1. That the Government of the Republic of China, through His Excellency Dr. Liu Shih Shun, duly accredited to His Majesty the King as the Ambassador of China to Canada, has requested the Government of Canada to guarantee, under the provisions of the Export Credits Insurance Act,

(a) the guarantee of the Government of the Republic of China of the payment by Ming Sung Industrial Company Ltd., a Corporation duly organized and subsisting under the laws of the Republic of China, of the cost of Canadian-produced goods to be purchased by it from exporters and the cost of Canadian services to be supplied to it, to a maximum amount of Twelve Million, Seven Hundred and Fifty Thousand Dollars (\$12,750,000) in lawful money of Canada, to be advanced by Imperial Bank of Canada, The Bank of Toronto and The Dominion Bank pursuant and subject to an Agreement dated October 30th, 1946, between said Company and said Banks, and

(b) the securities given by the said company for repayment of the said amounts so to be advanced in the form of the covenant contained in the said Agreement to pay the amounts drawn or to be drawn under letters of credit to be issued by the said Banks in accordance with the said Agreement and in the form of any other covenant or covenants given by the said Company to repay the amounts so drawn or to be drawn, and in the form of promissory notes or other evidences of indebtedness made or given by the said Company to the said Banks in accordance with the terms of the said Agreement, including interest as therein provided.

2. That the Government of the Republic of China under the hand of its Ambassador duly authorized in that behalf has itself guaranteed the payments to be made by and the securities to be given by Ming Sung Industrial Company Limited, under the said Agreement, has requested the Government of Canada to guarantee as aforesaid and has undertaken to indemnify the Government of Canada against loss in connection with the guarantee so requested;

3. That the terms and conditions upon which the guarantee by the Government of Canada is requested and upon which the said Banks have entered into the aforesaid Agreement with Ming Sung Industrial Company Ltd., are set out in said Agreement, a true copy of which is annexed hereto† and contains as schedules thereto the form of guarantee given to the said banks by the Government of the Republic of China as aforesaid and the suggested form of guarantee requested to be given by the Government of Canada;

4. That the giving of such guarantees is advisable for the purpose of facilitating and developing trade between Canada and China; and

5. That the aggregate amount of guarantees under subsection (I) of Section 22A of Part 2 of The Export Credits Insurance Act outstanding at the date hereof together with the amount of Twelve Million, Seven Hundred and Fifty Thousand Dollars (\$12,750,000) in respect of which the guarantee of the Government is now requested, does not exceed Two Hundred Million Dollars (\$200,000,000);

The undersigned accordingly, with the concurrence of the Secretary of State for External Affairs, have the honour to recommend that Your Excellency in Council under the authority of Part II of The Export Credits Insurance Act (as amended) may be pleased to authorize the Minister of Finance on behalf of the Government of Canada to give the guarantee, as so requested, in the terms aforesaid provided that the aggregate amount to be so guaranteed shall not exceed Twelve Million, Seven Hundred and Fifty Thousand Dollars (\$12,750,000).<sup>1</sup>

Respectfully submitted,

[J. L. ILSLEY]

[J. A. MACKINNON]

1132.

DEA/4929-F-40

*L'ambassadeur de Chine au ministre des Finances*

*Ambassador of China to Minister of Finance*

35-E1140

Ottawa, December 3, 1946

Dear Sir,

Reference is made to your letter of February 7, 1946, in regard to the loan of \$60,000,000 granted by your Government to China under the Agreement of even date. In that letter the understanding, inter alia, was recorded that \$25,000,000 of the credit was to be reserved for the purchase of supplies and equipment which had been requested from Canada by China as Mutual Aid, other items in production in Canada at September 1, 1945, which are surplus to Canadian requirements, and also certain items of used industrial equipment which China had sought to purchase from Canada, together with the costs of

<sup>1</sup> L'approbation fut donnée le 12 novembre.

<sup>1</sup> Approval was given on November 12.

reconversion and completion of such equipment for Chinese use and its preparation for shipment.

I enclose herewith a summary† of the disbursements and allocations as of November 27 of the Canadian loan, from which you will note that the Chinese Government has purchased only a small proportion of the items on the original programme, namely, small arms and ammunition, including freight, to the extent of \$3,750,000. This was determined by the actual requirements as they developed in China since the original list was prepared by the Mutual Aid Board and with the concurrence of the Department of Reconstruction. It is our understanding that a large portion of the balance of the material on the Mutual Aid List has been disposed of by the War Assets Corporation.

Included in the \$25,000,000 is a small arms ammunition plant to be designed and built in Canada at an estimated cost of \$12,000,000. Discussions in respect of this plant have been held with the War Assets Corporation and the Canadian Arsenals Limited and, in fact, \$100,000 has been paid to the Canadian Arsenals Limited to be used in the preparation of preliminary plans with the understanding that no construction work on this project will be done until confirmation is received from the Chinese Government. It may be that the estimated cost of the small arms ammunition plant can be reduced.

During the past ten months we have endeavoured to prepare a programme of industrial equipment that could be purchased in Canada and a tentative list is now ready. The cost of such equipment would exceed the amount of funds left in the \$35,000,000 proportion of the loan, and, on behalf of my Government, I hereby request permission to spend the unused portion of the \$25,000,000 for the construction of such industrial equipment, supplies and services as may be agreed upon with the Canadian Departments of Finance and Trade and Commerce as specified in the Agreement.

I hope that you will give this request your early consideration and that, if it is agreeable to you, you will send me a prompt reply, so that the Chinese Government Supply Agency may as soon as possible enter into discussions of our industrial programme with the Canadian Departments concerned.

Yours faithfully,

TIEH PAO-CHENG  
for the Ambassador

1133.

DEA/5068-B-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

SECRET

Ottawa, December 10, 1946

EMERGENCY POWERS; LEGISLATION; CHINESE IN CANADA

At the meeting of the Cabinet on December 10th, a report† was submitted regarding a draft bill to amend the Immigration Act in respect of ports of

entry, permission to return with immigrant status, and permission to visit the United States, which had been prepared by the Cabinet Committee on Immigration Policy. The question of permitting entry into Canada of wives and children of Chinese already in this country was also raised.

The Cabinet noted the report submitted and agreed that the Committee prepare and submit a draft provision for admission to Canada of wives and children of Chinese lawfully in Canada.

1134.

DTC/Vol. 306,T10591

*Mémoire du directeur, le service des délégués commerciaux,  
le ministère du Commerce, au sous-ministre adjoint du Commerce*

*Memorandum from Director, Trade Commissioner Service,  
Department of Trade and Commerce, to Assistant Deputy Minister  
of Trade and Commerce*

Ottawa, December 10, 1946

You will recall asking me to review, for the Minister, the situation with regard to financial assistance to China. I have been working with Judge Davis<sup>1</sup> on a memorandum, copy attached, which he is preparing on this same subject, and which he proposes to place before his own Department and several of the Ministers, for consideration.

This memorandum summarizes the situation to date, and asks certain questions which he wishes to have answered before he leaves for China. It will not actually be presented until there has been an opportunity to discuss the China situation further with the engineers of the Canadian Aluminium Company and the Montreal Engineering Company on their return from China, next week.

H[EASMAN]

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire de l'ambassadeur désigné en Chine*

*Memorandum by Ambassador Designate in China*

CONFIDENTIAL

[Ottawa,] November 28, 1946

MEMORANDUM PREPARED AND SUBMITTED BY T. C. DAVIS  
AMBASSADOR DESIGNATE TO CHINA WITH RESPECT TO THE  
GRANTING OF FURTHER FINANCIAL AID TO THAT COUNTRY

1. Canada has made a loan to China of sixty million dollars and this loan is in the course of being used for the purchase of Canadian goods in Canada by the Government of China.

<sup>1</sup>T. C. Davis fut nommé ambassadeur en Chine le 7 novembre.

<sup>1</sup>T. C. Davis was appointed Ambassador in China on November 7.

2. Under the Export Credits Insurance Act, Parliament has authorized the guarantee of credits to other countries to the extent of Two hundred million dollars. Of this amount a guarantee to Russia of Three million dollars has been provided and a guarantee to China of Twelve and three-quarter million in respect of the purchase in Canada by the Ming Sung Shipping Co. of a series of ships to be built in this country.

3. Several further Chinese projects have been submitted for consideration, by General Odlum, former Canadian Ambassador to China, in respect of which he has recommended that guarantees be given under the said Act.

4. In my opinion it is very desirable before I leave Canada to take up my post as Ambassador to China that a decision be reached as to whether or not any further guarantees will be given in respect to Chinese projects. If no further guarantees are to be given then China should be advised accordingly and all further discussions and negotiations stopped. If consideration is to be given to further guarantees, then there remains for consideration, the extent of such guarantees and the specific projects to be guaranteed. In this event those projects which will not be guaranteed should be selected and these wiped out from further consideration. The remaining projects should then be listed in order of importance and each dealt with on its merits to the extent that further guarantees may be given.

5. This raises at once the question of the general policy as to whether or not further guarantees are to be given. I recommend as strongly as I can that further use should be made of the above mentioned legislation to guarantee further Chinese projects. My reasons are as follows:—

(a) Canada is a great and growing nation and long range policies must now be laid to enable this nation to share in the future trade of the world to an extent commensurate with her future. The day will come when Canada will be seeking an outlet for the investment of Canadian capital abroad and also for the employment abroad of Canadian Technicians and Managerial staff in connection with Canadian industries in other countries.

(b) The area of the greatest population of the globe is in the Far East, that is, East Asia. The countries of that part of the world are largely undeveloped, with the lowest standard of living in the world. In my opinion, the next hundred years will see the greatest development taking place in such portion of the world. I have in mind India, Japan, N.E.I., The Malay Union, Indo-China and above all else, China. Canada is a Pacific Ocean nation and the future of the Western part of Canada, in particular, but, in fact, of all Canada is tied up to a remarkable degree with the developments which take place in these Eastern lands.

(c) The present powerful Western influences in China are the U.S.A. and the U.K. I have a feeling that the U.S.A. will end up by losing some of its popularity in China. The influence of the U.K. in the East is on the decline. The name of Canada stands high and we should start to plan to capitalize upon this feeling.

(d) I therefore feel that now is the time to help China to the limit of our ability, so to do and thus lay the foundation for good-will, which I believe will pay out in dividends for many years to come.

(e) Every guarantee given under the said Act is based upon a previous guarantee of the Government of China and only after that government makes default will Canada be called upon to implement her guarantee. China is a very considerable trading nation. She is recognized by International bodies and great nations as one of the five great powers of the world. If she did make default then every other nation in the world would be interested financially and out of such default would come some arrangement which would provide for the liquidation of debts. I have a feeling that our guarantees are to quite an extent a matter of form provided they are based upon previous guarantees of the Government of China.

(f) I therefore submit that agreement should be reached in principle that further guarantees will be given.

6. If such agreement on principle is reached, then I would suggest that we should first consider a guarantee to enable the Chinese Government to purchase in Canada the electrical equipment required to repair the Hydro-Electric power project on the Island of Taiwan, or Formosa, which plant was damaged by bombing during the war.

7. My study of this matter indicates to me that Formosa which was under Japanese control for over fifty years and which has now passed to China as a result of the defeat of Japan, is the most efficiently organized and industrially developed portion of the Chinese Republic. The Japanese seem more advanced than the Chinese in the creation and development of industry and it is clear that, during their occupation of Formosa, the Japanese have created an efficient industrial machine therein. Subject to repair, this whole machine now falls into the hands of the Chinese Republic. I would judge that Formosa has been blessed with a greater variety of valuable natural resources than any like geographical area within China.

8. It is anticipated Formosa will play a very important part in the future life of China. At the moment the Aluminium Company Limited is arranging to enter into an agreement with the Chinese Government for the joint ownership of the Aluminium industry in Formosa and the operation thereof by this Company. Also at the moment the Noranda Mining interests are negotiating with the Chinese Government for the operation of the copper lead mines of Formosa. China will have to have outside help to run these Formosan industries, as all Japanese technicians have been returned to Japan.

9. The two above-mentioned Canadian companies, viz., Aluminium and Noranda, will be large users of the power produced by the power plant in question and we will be aiding these Canadian companies to establish profitably in Formosa by making it possible for them to secure a continuous source of cheap power. The production of aluminium in Formosa will not cut into

production of this commodity in Canada, as I am told by the Company that they will have no trouble in disposing of their Canadian production, regardless of how far they develop production in Formosa.

10. Separate and apart from the question of sale of Canadian electrical equipment in connection with this project, I am of the opinion that Formosa opens up a very splendid opportunity for the creation of a centre of powerful Canadian influence in China. Formosa has the added advantage of being separate from the mainland of China and thus not as much subject to political and military strife internally prevalent in China.

11. The giving of this guarantee would put Canada, with the consent and in fact upon the approach of China, into the financial picture in Formosa. This fact, with the operations of the Aluminium Company and Noranda, will concentrate a very powerful Canadian interest in that Island. Canada would thus have a base for operations in the future in relation to trade with China and the investment of Canadian capital in China. Formosa can be made a Canadian beachhead in relation to China.

12. I, consequently, recommend that: (a) I be given a decision as to whether or not further guarantees on approved projects will be considered for China;

(b) if (a) is approved, that immediate consideration be given to the Taiwan project referred to above;

(c) that, with the approval of (b) above, further consideration be given to two other projects, which, from the dozen or so projects submitted by the Chinese authorities, are considered the most favourable ones for consideration by the Department of Trade and Commerce;

(d) that, in accordance with the decision reached in (a) above, I will be able to encourage or discourage the submission of further projects by Chinese interests.

Respectfully submitted this 28th day of November, 1946.

T. C. DAVIS

1135.

DTC/Vol. 306,T10591

*Mémoire du sous-ministre adjoint du Commerce au directeur,  
le service des délégués commerciaux, le ministère du Commerce*

*Memorandum from Assistant Deputy Minister of Trade and Commerce to  
Director, Trade Commissioner Service, Department of Trade and Commerce*

Ottawa, December 11, 1946

I have been very much interested in looking over the attached material with reference to credits to China.

My own views on this subject are very mixed, and it seems to me that the Chinese situation is steadily becoming more speculative, rather than less so. I do not see how anyone, under present circumstances, can very strongly advocate the granting of additional credits to China, except on a basis which takes fully into account their highly speculative character as regards their ultimate repayment.

The other factor that seems to me to require strong emphasis at this time is the need for setting a definite limit on the extent of any additional credits that the Canadian Government may be prepared to extend under the guarantee sections of the Export Credits Insurance Act. While the Government has so far utilized its guarantee authority only to the extent of less than 16 million dollars, out of the total of 200 million dollars that is provided for, this fact does not mean that there will not be in the near future much greater opportunities than have yet presented themselves for utilizing this type of credit to the advantage of Canadian trade in directions other than that of China. Canada's capacity to go on extending additional direct credits is for one reason or another likely to become subject to very definite limitations, and it is quite possible that within a year or two there will be a number of countries, other than China, to whom such credit facilities as we are able to afford may be granted on much sounder ground than is now in evidence with respect to China. I think, therefore, that there are the strongest reasons for husbanding as carefully as possible the presently unutilized portion of the credit guarantees which the Government is now empowered to extend.

When I returned to you a week or two ago some material which you had sent me with reference to the Taiwan project, I think I indicated to you on a note† attached to the documents, that the material they contained with reference to conditions in Formosa certainly did not strengthen one's confidence in the probable future of that area. Mr. Bryce's memorandum† to Dr. Clark goes even further in its adverse comments upon the way in which Formosa is being administered by the Chinese officials.

O. M[ASTER]

1136.

DTC/Vol. 322,T11490

*Le secrétaire d'État aux Affaires extérieures au chargé d'affaires en Chine*

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

TELEGRAM 567

Ottawa, December 30, 1946

Your despatch No. 1055 of September 28th,† export credit guarantee for China Merchants Steam Navigation Company.

The question of providing an export credit guarantee to assist this company to finance a shipbuilding programme in Canada has been given careful consideration recently. It is considered unlikely that we can undertake to extend an export credit guarantee to this company at the present time, and in these

circumstances we feel that it would not be practicable for the technicians of the company who are awaiting word in China to proceed to Canada to open detailed negotiations to come now. Our reasons are as follows:

a) it is unlikely that further ships can be built in Canada for China for some considerable time, due to our shortage of steel in relation to heavy demands for equipment for export and our own domestic requirements;

b) we have already provided the Ming Sung Industrial Company with an export credit guarantee of \$15,000,000 to assist their shipbuilding programme in Canada, and consider this is the limit of the assistance we can give to shipbuilding projects at present;

c) export credit guarantees for shipbuilding projects will not greatly assist in the promotion of continuing trade between Canada and China, which is, as you know, the principal purpose of granting export credit guarantees to China.

2. Will you please advise Mr. Oliver Zi, general manager of the company, that we do not feel it advisable for the company's technicians to proceed to Canada at the present time. In so advising him, you may use the first reason I have given above. The second and third reasons I have given for your own confidential information.

1137.

DEA/939-40

*Mémorandum du secrétaire, le Comité de la politique d'immigration du Cabinet, au Comité interministériel de la politique d'immigration*

*Memorandum from Secretary, Cabinet Committee on Immigration Policy, to Interdepartmental Committee on Immigration Policy*

[Ottawa,] December 30, 1946

The following is a summary of the decisions taken by the Cabinet Committee on Immigration Policy at a meeting held on December 20th, 1946.

(1) The Committee:

(a) agreed to recommend that the Chinese Immigration Act be repealed, and that any clauses therein granting privileges be transferred to the Immigration Act; and

(b) gave instructions that draft legislation be prepared to give effect to this recommendation, and in addition that draft legislation providing alternative ways of dealing with the Chinese problem be submitted at the same time.

(2) The Committee agreed that it should be made known that Canada would not accept immigrants who had not been X-rayed, and that in principle, the examination would be required to be made without cost to Canada. This provision would not apply to persons coming from countries having lower mortality rates from tuberculosis than had Canada.

M. G. GLASSCO

## PARTIE 5 / PART 5

## COLOMBIE / COLOMBIA

1138.

DEA/2188-40

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

*Secretary of State for External Affairs  
to Ambassador of Great Britain in Colombia*

TELEGRAM

Ottawa, January 23, 1946

IMMEDIATE. The Honourable J. A. MacKinnon, Minister of Trade and Commerce, is planning to leave Canada February fifth for a visit to Mexico and Central America. He plans to sign a trade agreement in Mexico and engage in trade discussions in the Central American countries. The Minister would like to extend his trip to Colombia and it would be appreciated if you would approach the Colombian Government to ascertain whether such a visit would be welcome and opportune and whether Colombia would be prepared to consider consolidating our commercial relations by the conclusion of a trade agreement providing for the exchange of most-favoured-nation treatment.<sup>1</sup> Tentative plans provide for the mission to arrive in Bogota February twentieth from Panama. The Canadian Trade Commissioner in Bogota has details of the party. If the visit is not opportune, the Minister would like to visit Colombia later this year.

## PARTIE 6 / PART 6

## CUBA

1139.

DEA/288-40

*Le chargé d'affaires à Cuba au secrétaire d'État aux Affaires extérieures*

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

DESPATCH 7

Havana, January 14, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to my cypher telegram No. 2 of January 5† concerning the possibility of extending the Cuban flour import subsidy to

<sup>1</sup>L'accord fut signé le 20 février. Voir Canada, *Recueil des traités*, 1946, N° 7. L'accord fut ratifié le 24 septembre 1946. Voir le Décret du Conseil P.C. 3957.

<sup>1</sup>The agreement was signed on February 20. See Canada, *Treaty Series*, 1946, No. 7. The agreement was ratified on September 24, 1946. See Order in Council P.C. 3957.

Canadian flour, and to give you hereunder a review of the steps taken by this Legation to assist local Canadian flour importers.

2. Your despatch of January 22, 1945, to H.B.M.<sup>1</sup> Minister, Havana, outlined the situation as it existed at the beginning of last year, and asked him if he would be good enough to see what could be done to see that the Cuban flour import subsidy be extended to include Canadian flour imported into Cuba.

3. An identical situation arose this year. If you will permit me, I will give in this paragraph a short and general review of the position as regards the import of Canadian wheat flour into Cuba. Cuba has always been a good market for wheat flour. Due to the nature of the bread baked to suit Cuban taste, it has been necessary for the principal wheat flour exporters in the United States and Canada to spend a good deal of time and money studying the baking problems and developing milling processes suitable to the Cuban market. Until the war with its subsidies, shipping problems and United States bloc purchasing of Cuban sugar, in which was included an agreement for a special subsidy on the export of United States flour to Cuba, Canada enjoyed a share in the Cuban wheat flour market. Flour was imported directly from Canadian mills, and also a good deal of Canadian wheat was milled in Buffalo for export to Cuba. The tariffs applied were 82¢ for a two hundred lb. bag of flour milled in the United States from U.S. wheat; 94¢ for a two hundred lb. bag of flour milled in Buffalo from Canadian wheat and \$1.32 for a two hundred lb. bag of flour milled in Canada from Canadian wheat. When the United States gave a general subsidy on all wheat flour exported (now \$1.48 per two hundred lb. bag), and added to this a special subsidy (\$2.70 per two hundred lb. bag) on wheat flour exported to Cuba as part of the sugar agreement (to enable the Cuban Government to maintain the price of bread at 10¢ a loaf), Canadian wheat milled in Canada or in Buffalo could no longer compete in the Cuban market because of these subsidies and the tariff preference given American wheat flour. Last year when the negotiations for the sale of the Cuban crop to the United States Commodity Credit Corporation were temporarily suspended as part of the bargaining procedure, it was found that the flour stocks here were low, and the Cuban Government decided to subsidize the import of flour until such time as the United States renewed its special subsidy as part of the new sugar agreement. Mr. J. L. Mutter, at that time Canadian Government Trade Commissioner in Havana, managed after a good deal of delay to obtain an interview with the Minister of Commerce, and protested against the decision of the Cuban Government to pay this subsidy only on imports of flour milled in the United States from United States wheat. By the time he got his interview, it appears that the Ministry of Commerce had already concluded its agreement with the local flour importers for payment of the subsidy on some 800,000 two hundred lb.

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<sup>1</sup> His Britannic Majesty's.

bags of flour needed. Actually, Decree No. 89, which was published in the *Official Gazette* on January 16, 1945, authorized subsidies to be paid on purchases made between the 1st and 15th of January, i.e. before the decree was published.

4. When the same situation arose this year Mr. J. E. O'Neill, Administrative Officer left in charge of the Commercial Secretary's Office, received instructions from the Department of Trade and Commerce to enquire whether the subsidy which the Cuban Government again proposed to pay on wheat flour imports would be extended to Canadian flour as well. Anticipating that we might receive instructions from you along similar lines to the ones which were sent (too late) last year to H.B.M. Minister to protest the decision of the Cuban Government to grant subsidies to imports of United States flour only, it was decided to take this matter up. It was hoped that Mr. Vaillancourt could make a call on Dr. Alberto Inocente Alvarez, Minister of State and actual boss of the Ministry of Commerce of which he was former Minister. For this purpose he was fortified with a memorandum, with Spanish translation, setting forth the attitude of the Canadian Government in connection with this matter of the payment of subsidies by the Cuban Government on the import of wheat flour. As it was not possible to make arrangements for Mr. Vaillancourt to call on the Minister, the memorandum was left at the Ministry of State on December 29. I enclose copies of this memorandum† for your information.

5. About this time, representatives of the Canadian flour milling companies began to get in touch with us to enquire if the Legation intended to take the matter up with the Cuban Government. They supplied us with a good deal of useful information about developments in wheat purchasing circles. The representatives concerned were Mr. Rafael W. Bornn, representative of the Brackmanker Milling Company, Limited, and Western Canada Flour Mills of Toronto, Mr. Ronald Cabrera, representative of the Maple Leaf Milling Company of Toronto and Mr. Colin Rose, representative of the Dominion Flour Mills Limited, Montreal. Mr. Bornn was most assiduous in keeping us informed of developments, and I am attaching copies of a memorandum,† dated December 31, which he left with the Legation outlining the situation, as well as copies of a letter of December 31st† addressed to Mr. Albert F. Nufer, Economic Counsellor of the American Embassy here, complaining against discrimination against the southwest mills by a group of northern millers who seem to have managed to corner the local market by having their advice accepted almost exclusively by the responsible officials of the Ministry of Commerce.

6. On January 4th, Bornn brought in to me the draft of the decree which had been made available to the National Association of Foreign Commission Agents by the Ministry of Commerce. This draft decree referred throughout to flour imported from United States mills, and it was obvious its intention was to exclude Canadian flour. A note was immediately addressed to the Minister of State requesting assurances from the Cuban Government that the decree

when published would not discriminate against Canadian wheat flour. I attach copies of this note† for your information.

7. The decree in question, No. 4128, was published in the *Official Gazette* on January 5th, and conformed substantially to the draft that we had already seen, and which we had protested in our Note No. 1 of January 4th. I attach an English translation of this decree† for your records. You will note that the decree provides for a rebate in taxes of \$2.54 on each two hundred lb. bag of spring wheat flour imported, up to the amount of some 864,492.25 bags, all purchases to be made between the 1st and 15th of January 1946.

8. When no reply was received to our Note No. 1 of January 4th, I went, on January 10th, to see Señor Valdés Rodríguez, Assistant Chief of the International Commerce Section of the Ministry of Commerce. I told Sr. Valdés Rodríguez that, if we did not have a reply by January 12th, it would be quite impossible for importers of Canadian wheat to make their purchases before January 15th. I pointed out to him that the Canadian Government was paying subsidies on a long list of imported food stuffs in order to maintain a ceiling on the cost of living in Canada. I said that it might interest him to know that it was my understanding that the Canadian Government paid a subsidy on the import of bananas, of which fruit Cuba supplied Canada some \$829,000 worth in 1944, and it was quite possible that a subsidy was paid too on some \$748,000 worth of fresh pineapples exported by Cuba to Canada in the same year. I said that the Canadian Government did not discriminate in the payment of subsidies in regard to the source of supplies obtained. I said that if the Cuban Government could not see its way clear to extending customs rebate payments to include Canadian wheat flour, this fact would have to be reported to the Canadian Government so that they might consider whether it would be desirable to withdraw the Canadian subsidy from imports on certain commodities from Cuba. I am attaching, for your information, copy of a memorandum† which I prepared for Mr. Vaillancourt on January 10th developing these arguments. Sr. Valdés Rodríguez said that, as time was short, he would counsel the Legation to try to obtain an interview with the Minister of Commerce, and if at all possible, it would give more weight to our representations if Mr. Vaillancourt could attend the meeting.

9. At 3:30 on January 11th, Mr. Vaillancourt, Mr. J. E. O'Neill and I called on the Minister of Commerce, Sr. César M. Casas, and repeated to him the representations which I had already made to Sr. Valdés Rodríguez. The Minister of Commerce said that he had read with a good deal of interest the statement made to the press by the Honourable C. D. Howe concerning the desire of the Canadian Government to see its trade with Cuba increased and regularized by the conclusion of a commercial treaty. He thought this was an excellent idea, and he hoped that, under the new regulations worked out, it would be possible for Canada to export wheat to Cuba. He said, however, that Decree No. 4128 had been drafted to take care of a particular, and he hoped temporary, situation. It could not be discriminatory if it was viewed against

the background of the sugar negotiations. He said that it must be obvious that Cuba had been, during the war, almost completely dependent on the United States for its full range of supplies, and that, under the agreement for the sale of the sugar crop to the C.C.C., provisions had been included whereby the United States had endeavoured to assist the Cuban Government to maintain ceilings on essential food supplies. Cuba hoped that the United States would renew its special subsidy on wheat flour exported to Cuba as a part of the new sugar agreement, and, therefore, wished to do nothing that might prejudice this outcome. (I read between the lines here that what was intended was that the Cuban Government hoped that U.S. flour milling companies would exert pressure on the U.S. Government to maintain its subsidy, and that for this it was necessary that the Cuban Government keep in with the American flour millers). Sr. Casas went on to say that, if the U.S. Government did not grant a special subsidy on wheat flour exported to Cuba as part of the new sugar agreement, it was quite possible that Cuba would approach the Canadian Government to make available some wheat flour supplies for the latter part of the year. After this, Mr. O'Neill and I, on behalf of the Legation, and Sr. Valdés Rodriguez and Sr. Ruben Ortiz La Madrid, Chief of the Division of Interior Commerce, for the Cuban Government, exchanged a number of thrusts. I said that we were all agreed on the desirability of working out arrangements for fuller Cuban-Canadian trade in the future, but that what we were here to discuss this afternoon was the regime which would be effective in the interim period. I said that it would be difficult for Mr. Vaillancourt to explain to the Canadian Government that the Cuban Government wished to see commerce expanded when its actions in this case could only be considered by the Canadian Government as discriminatory. Sr. Valdés Rodriguez argued that Mr. Vaillancourt should report that this decree was not discriminatory if it was viewed against the background of the sugar negotiations. Mr. O'Neill brought out the figures of past Canadian wheat flour sales to Cuba, and showed how we had been cut off from this market during the period of the war, and how unbalanced the trade between the two countries had been. He said that if the Cuban Government wished to sell more to Canada, or even to continue the sales which it had been able to make during the war when other sources of Canadian supply had been cut off, it would be necessary for the Cuban Government to adopt a more liberal attitude toward Canadian imports in the future. The meeting broke up in a spirit of goodwill, with nothing specific achieved in regard to this particular decree, which we were told only granted a subsidy to flour imported from the United States and milled there from American wheat, but we did, I think, have a useful exchange of views that should prove a good starting point for further commercial discussions we may have in the future.

I have etc.

A. R. MENZIES

1140.

DEA/288-40

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

DESPATCH 12

Ottawa, January 26, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to your despatch No. 93 of November 19th, 1945, enclosing letters and memoranda relating to the position of Canadian Life Insurance Companies in Cuba.

2. The suggestion put forward by Mr. William Campbell that Canadian insurance companies in Cuba might secure protection from excessive taxation if the Canadian Government were to lower the tariff on high-class Cuban cigars has been given consideration here and discussed with the Department of Trade and Commerce.

3. I should not, on the whole, be inclined to favour a proposal of this kind. In the first place, as you mentioned to Mr. Campbell, the balancing of two such different concessions would be difficult. In the second, it is felt by the Department of Trade and Commerce that any advantage gained by retail tobacconists in selling high-priced Cuban cigars to United States tourists might be outweighed by a decline in the purchase of Canadian produced goods from other merchants. There might also be some disposition on the part of the United States Government to lower the number of Cuban cigars which United States tourists are at present permitted to import duty free, or even to place new restrictions upon the general tourist privilege of customs exemption.

4. From a more general point of view, it would be inadvisable to abandon our bargaining position in respect of an important Cuban export such as cigars, since we are contemplating the conclusion of a general commercial treaty (arising out of the "nuclear" trade discussions called by the United States) with Cuba and wish to press for more favourable treatment of Canadian products.

5. If you are approached again on this matter you might give a general indication that discussions on tariff matters are not likely to be opened before the beginning of the "nuclear" trade discussions initiated by the United States in which both Canada and Cuba are participants.

I have etc.

S. D. PIERCE  
for the Secretary of State  
for External Affairs

1141.

DEA/288-40

*Le chargé d'affaires à Cuba au ministre d'État par intérim de Cuba**Chargé d'Affaires in Cuba to Acting Minister of State of Cuba*

No. 81

Havana, October 3, 1946

The Chargé d'Affaires, a.i. of the Canadian Legation presents his compliments to the Acting Minister of State, and has the honour to advise His Excellency of the fact that, under the existing system of subsidies to imports of wheat flour, Canadian flour is virtually prohibited from entering the Cuban market.

It is fully realized that, in establishing the subsidies now in effect, there was no intention of discriminating against Canadian flour, and for this reason the matter was discussed informally with His Excellency the Minister of Commerce, who suggested that the facts should be presented in writing to the Government of the Republic of Cuba.

Under Decree No. 1159 of 6th May, 1946, a subsidy was established of \$2.54 per bag of 200 pounds of first patent flour. Subsequently, and in order to compensate for the rise in the price of flour, Decree No. 2156 of 5th September, 1946, established an additional flexible subsidy of \$3.24 up to a total of 950,000 bags to be shipped before the end of December of this year. This latter decree was amended on 21st September to bring the total flexible subsidy up to \$3.68 per bag. These decrees also established that the 6 per cent sales tax (*impuesta de consumo*) should be paid on the basic price of \$6.90, c.i.f. Havana, plus the corresponding import duties.

The effect of these resolutions is amply shown in the attached memorandum,† whereby it is evident that, regardless of the price Canadian mills might quote in order to legitimately acquire a share of the Cuban market, and to offset the higher import duties payable on Canadian flour, the c.i.f. price to the importer would inevitably result in \$6.90 per bag. For example, a quotation by Canadian mills of \$12.90 per bag would result in a lower flexible subsidy, but the delivered cost to the importer handling Canadian flour would necessarily be some 50 cents more per bag.

In the cases where it has been necessary to take measures to lower the cost of essential food items, the Cuban Government, taking advantage of Law No. 5, has temporarily suspended the duty on imports of a certain quantity of goods. For example, at the meeting of the Cabinet on 25th September, approval was given to the exemption of customs duties on the importation of 20,000 cases of eggs and a quantity of animal feeds.

It would be greatly appreciated if the same principle were to be applied to the import of flour, and that, therefore, consideration be given to the elimination of duties on the import of the 950,000 bags of flour covered in Decree No. 2156 of 5th September 1946.

If the duties were to be eliminated on flour imports, the flexible subsidy could be reduced by an equivalent amount so that the net result to the treasury would not be altered, except that on all imports that might be made from Canada at prices under those in effect in the United States of America—and there is reason to believe Canadian prices are now slightly under those of the United States of America—the amount of the subsidy paid would be reduced by the amount the Canadian price would be under \$13.12 per bag.

Thus it may be noted that the effect of such action would be to (a) increase the sources of supply of a commodity (flour) that is in short supply in the Republic of Cuba; (b) produce a measure of healthy international competition; (c) tend to reduce slightly the cost of the subsidy on the import of flour; (d) remove the virtual prohibition of imports of flour from Canada.

In making the foregoing request it is not suggested that unlimited supplies of flour could be found in Canada, since the allocation of supplies is well advanced and, as Your Excellency well knows, wheat and flour are still in desperate short supply in the world markets. However, some Canadian mills are still interested in supplying the Cuban market. Furthermore, the Republic of Cuba is among those countries listed by the Canadian Wheat Board as entitled to receive export licences for flour from Canada.

It is, perhaps, of interest to draw Your Excellency's attention to the heavy increases of Canadian purchases of Cuban products during the first six months of this year. From the attached table† it may be noted that Canada's imports from the Republic of Cuba have increased eighty-two percent over the first six months of last year, whereas exports from Canada to the Republic of Cuba have increased some twenty-four percent.

R. G. C. SMITH

avails himself etc.

1142.

DEA/288-40

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

DESPATCH 156

Havana, October 5, 1946

Sir,

I have the honour to advise you that, owing to the system of subsidies on imports of flour, it is virtually impossible for Canadian flour to be sold in this market.

2. Under Decree No. 1159 of 6th May of this year, the Cuban Government extended the payment of the basic subsidy, \$2.54 per bag of 200 lbs.,

to imports of flour from any origin whereas, previous to that date, the subsidy had been confined to imports of United States flour. (See our despatch No. 7 of January 14, 1946). Subsequently, and in order to compensate for the rise in the price of flour, an additional flexible subsidy was established in September to a total amount of \$3.68 per bag.

3. When the local representatives of Canadian mills tried to sell Canadian flour, however, it was found that the flexible subsidy was applied in such a way that the final c.i.f. price to the importer would always result in a price of \$6.90 c.i.f. Havana.

4. In other words, regardless of what price Canadian mills might charge in an effort to combat a higher rate of duty payable on imports of Canadian flour, the duty paid price to the importer would inevitably be higher by the amount of the difference in the duty.

5. In addition, the aforementioned decrees granting the subsidies in question established that the 6 percent sales tax should be paid on the basic price of \$6.90 c.i.f. Havana, plus the corresponding import duties so that, again, the laid down cost of Canadian flour to the importer would be increased when compared with United States flour, regardless of any action that might be taken by Canadian mills to offer compensation by way of reduced prices.

6. I had a conversation with the Minister of Commerce concerning this matter last week, and suggested that, inasmuch as the Government was authorized under Law No. 5 to grant freedom from import duties on essential food articles in short supply, and as this law was being applied in cases of imports of eggs and other essential commodities, the same procedure should be followed in the case of imports of flour. Such action would not mean any loss of revenue to the Government since they could reduce the subsidy by the amount of the duty and the net result would then be exactly the same.

7. The Minister of Commerce, Mr. Casas, seemed interested in my suggestion and requested me to put the matter in writing. Accordingly, yesterday I had an interview with the Acting Under-Secretary of State and put forward the same points again. I left with him a memorandum on the subject in which I requested that they should remove the duty on imports of the 950,000 bags of flour that were authorized to be brought in before the end of this year and that were subject to the payment of the subsidies in question.

8. I was well received by the Acting Under-Secretary of State, who seemed to appreciate our point of view and also to realize that it was in the interest of Cuba to have an alternate source of supply of flour, particularly as they are having such difficulty at the moment in obtaining their full requirements. The Under-Secretary promised to study the matter in detail, and to let me know the decision as soon as possible. In the meantime, I have also sent a copy of my memorandum to Mr. Casas, and it is hoped that, as a result of this action, the obstacles in the way of imports of Canadian flour may be removed.

9. I am also communicating this information to Dr. C. F. Wilson, Director, Wheat and Grain Division of the Department of Trade and Commerce.

I have etc.

R. G. C. SMITH

1143.

DEA/288-A-40

*Le ministre à Cuba au secrétaire d'État aux Affaires extérieures*

*Minister in Cuba to Secretary of State for External Affairs*

DESPATCH

Ottawa, October 15, 1946

SECRET

Sir,

I have the honour to bring objectively to your attention the following facts in connection with Canada's commercial interchange with Cuba.

2. At the beginning of the present year the Government of Cuba issued a decree authorizing the Cubans to import wheat flour from the United States granting to them for that purpose a substantial import bonus besides the subsidy allotted by the Government of the United States to its wheat flour exporters.

3. On the afternoon of the 11th of last January, accompanied by Mr. Arthur Menzies—then Second Secretary of the Canadian Legation at Havana—I had an interview with Sr. Casas, the Cuban Minister of Commerce, who received us in the presence of two of his assistants, at the Ministry. The purpose of our call was to request the Minister to have the above decree amended so as to allow the entry into Cuba of Canadian wheat flour on a par with the similar product from the United States, as was the case before World War II, when a large proportion of wheat flour consumed in Cuba was milled in Buffalo of Canadian wheat and popularly known as "harina Buffalo".

4. The Minister received us with great courtesy and listened with attention to the object of our request. But he said that the decree provided only for the importation into Cuba of wheat flour milled in the United States from American wheat and that there was no possibility whatever that it could be amended to include even American flour milled from Canadian wheat. When asked the reason for such discrimination against the Canadian product, he raised his hands and told us that we should know that Cuba was held in the economic claws of the United States, and that he did not see how his country could liberate herself from such a strangle-hold, thereby implicitly admitting that the decree was imposed upon his Government by the United States.

5. A few months later Sr. Casas was my guest at the Country Club of Havana for luncheon, together with his Sub-Secretary of Commerce, Dr. Rolando Acosta; Dr. Antonio Arturo de Bustamante, a prominent Cuban jurist, and Dr. Guy Carrington Smith, the Commercial Secretary of our Lega-

tion. By that time, the United States had no more wheat flour to ship to Cuba. The Minister of Commerce told us that Canadian wheat flour could now be admitted to Cuba on the same conditions as the American flour. Mr. Smith told him that he doubted that Canada had any more flour available for export to Cuba, but that nevertheless he would enquire from the Canadian Department of Commerce. What Mr. Smith had said was soon confirmed by the answer of the Department to which he is responsible.

6. A few days ago during my present leave, I received in Montreal a letter from Mr. Smith, dated 3rd October, wherein he writes: "You will be sorry to hear that the flour trade is acting up again and under the existing system of quotas, it is virtually impossible to ship in any flour."

7. While in Ottawa, since my arrival in Canada, I met on different occasions, Dr. Mariano Brull, the Cuban Minister to Canada, who not only received me in his residence but also gave a largely attended reception in my honour. Ever since I have known Dr. Brull we have developed together a sincere friendship. I have kept up an interesting correspondence with him informing him, more than once, by newspaper clippings sent by airmail of things going on in Cuba that I thought would be of interest to him. He said to me last week that when I am in Canada he does not know what is happening in Cuba as his Department does not keep him informed the way I do.

8. On the 31st of August, 1945, shortly after Dr. Brull's appointment as Cuban Minister to Canada had been announced officially, I gave a 135 cover luncheon at the Havana Country Club in his honour. Those present were, among others, the Vice President of Cuba, Dr. Raul de Cardenas; the Prime Minister, Dr. Felix Lancis; the Minister of State, Dr. Gustavo Cuervo Rubio; all the heads of the foreign diplomatic missions, prominent Cubans, as well as a great many Canadian, British and American residents and the representatives of the most important daily newspapers. This mark of esteem, Dr. Brull told me many times since, he will never forget as long as he lives.

9. I am relating these phases of my relations with Dr. Brull merely to explain and justify the confidences he made to me as described in the following paragraphs.

10. Last Saturday, October 12, Dr. Brull and his wife were in Montreal for the day. I invited both to luncheon with me at the Windsor Hotel. During the meal I asked him what prompted his Government to discriminate against Canadian flour the way it is doing. His answer was the same as given to me ten months before by Sr. Casas. "Moreover," he added, "I know pertinently, because I am reliably informed, that such a line of conduct was imposed on our Government who had no other alternative than to follow it because the United States want to retaliate against Canada on account of your country having pegged her wheat at the price of \$1.55, thus excluding the United States shipments of that Commodity to Great Britain and elsewhere."

11. In the first months of the present year our Legation in Havana sent communiqués to the Cuban press informing the citizens of the country (either

by birth or by naturalization) that in the future they could enter Canada as tourists for a period of six months provided that they had a passport but without any Canadian visa. This also applied to all Cuban residents, no matter their nationality, provided they held a re-entry permit from the Cuban Immigration. After making such an announcement I had interviews with the Minister of State suggesting, either orally or by means of "aide-mémoire" that my country would gladly welcome reciprocity in such instance. He always gave me evasive answers although promising that he would try to do his best to give me satisfaction.

12. Dr. Brull, last Saturday, again gave the answer. The attitude of the Cuban Ministry of State was once more dictated by the United States who opposed my request, while stating that espionage was still very active and that all possible measures should be taken to forestall it.

13. Cubans can enter the United States without passports, as well as Canadians can enter the same country also without passports. But Canadians proceeding from Cuba to return home to Canada, as well as Cubans proceeding from Canada to return to their country, must have a passport with a United States transit visa.

14. During the last winter the Chief of Staff of the Cuban War Navy, Commodore Jose Aguila Ruiz, came to Canada accompanied by his aide-de-camp, Lieutenant Alonzo, for the purpose of buying from the War Assets Corporation either corvettes, frigates or Bangor minesweepers. I believe some of these units were laid aside for him. He returned to Havana to secure the proper authority to complete the deal. Leaving Havana later for Ottawa, he stopped en route at Washington where on the advice of the President of Cuba, he met the United States Naval authorities. He returned therefrom to Cuba without going to Ottawa.

15. To such a mystery Dr. Brull gave me the key. He was told by the Commodore that the Americans in Washington had told him that what Canada had to offer in the way of ships was no better than mere scrap.

16. The Nicaro Nickel Mine is uneconomically operated in Cuba by a Company receiving subsidies from the Government of the United States and that at the detriment of an important Canadian enterprise, the International Nickel.

17. Canada's most important item of export to Cuba is newsprint. This product of Canadian industry is distributed in Cuba and shipped directly from the United States by an American agency in New York.

18. At the beginning of last summer, accompanied by Mr. Guy Carrington Smith, I went to the Cuban Ministry of State and there, in the presence of the sub-secretary of that Department, we interviewed Sr. Solano, in charge of commercial affairs of that Ministry. We told him that the different countries who were to take part in the London Conference for Commerce and Employment were already exchanging notes telling one another what tariff amendments they would desire to have made in order to facilitate commercial inter-

change between themselves. We told Sr. Solano that Canada would welcome such an exchange of notes with Cuba. But Sr. Solano said that Cuba really could not do anything before they knew about the wishes of the United States Government in that particular instance.

19. Cuba is the only country with whom the United States have a preferential tariff treaty. For all their exports to Cuba they are entitled to a 20% rebate on all existing customs tariffs. Any country dealing with Cuba is entitled to the minimum tariff if exportation to that country does not exceed her importation therefrom. Should she export more than she imports a tariff surcharge would apply to her shipments from 25% and upwards but this does not apply to the United States.

\* \* \*

23. It is evident that the Americans have built a Chinese wall around Cuba which they evidently consider as their own hunting ground. Therefore, I would be obliged if you could give me a direction so that I may know how I should behave in meeting these conditions. Should I co-operate with the Americans, oppose them or "laissez-faire"?

24. I am sending a copy of this letter, by British air courier, to Mr. Guy Carrington Smith, actually Chargé d'Affaires ad interim of the Canadian Legation at Havana during my absence.

I have etc.

E. VAILLANCOURT

1144.

DEA/288-40

*Le secrétaire d'État aux Affaires extérieures au ministre à Cuba*

*Secretary of State for External Affairs to Minister in Cuba*

DESPATCH 236

Ottawa, October 22, 1946

SECRET

Sir,

I have the honour to acknowledge and thank you for the secret despatch of 15th October, which you left with me, on the difficulties for Canadian interests in Cuba created by some of the policies and commercial attitudes of the United States in respect to that country.

2. The specific points you raise, and various instances adduced, are being carefully studied. I have brought your despatch to the attention of other Government Departments interested, and also confidentially to Mr. St. Laurent, and our Ambassador in Washington.

3. I shall write you at a later date on this matter, when some of the points in your despatch have been more fully examined. Meanwhile, I think it would be desirable that, while not opposing openly the policies of the United States

of which you complain, you should take advantage of every opportunity to emphasize that Canadian-United States collaboration in this, as in other fields, should be on a give and take basis. You will also, of course, continue to take advantage of any opportunities that may occur for the furtherance of Canadian interests, especially in cases where United States representatives seem to be going out of their way to ignore or over-ride those interests in the pursuance of their own policies.

I have etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

1145.

DEA/288-40

*Le ministre à Cuba au ministre d'État par intérim de Cuba*  
*Minister in Cuba to Acting Minister of State of Cuba*

No. 102

Havana, November 26, 1946

The Canadian Minister presents his compliments to the Acting Minister of State, and has the honour to refer to the Legation's Note No. 81 of 3rd October, 1946, concerning the importation of flour from Canada.

While it cannot be stated that Canadian flour mills are in a position to make any offer to the Republic of Cuba for immediate delivery, nevertheless, the unfavourable position of Canadian flour as described in the note mentioned above, makes it difficult, if not impossible, for an argument to be put forward to the Canadian mills to set aside a quota of their stocks for the Republic of Cuba.

It was pointed out by Mr. Smith, Commercial Secretary of this Legation, whilst acting as Chargé d'Affaires ad interim, in a conversation that he had with Your Excellency, subsequent to the presentation of Note No. 81, that, if the action requested therein were to be implemented by the Cuban Government, Canadian flour mills would feel that in putting aside a quota of flour for Cuba, they would be building for the future when trade may become more normal. However, as long as Canadian mills are faced by the present unequal position vis à vis the United States of America, there is no incentive for them to try to find flour for the Cuban market.

In discussing this matter with the Chargé d'Affaires, His Excellency the Minister of Commerce suggested that, by acceding to the request of this Legation, the terms of the Cuban-United States Treaty of Reciprocity of 24th August, 1934, might be violated. His Excellency observed that, although Law No. 5 authorized the granting of freedom from import duties under certain circumstances, and while this had been done in the case of eggs, no subsidies had been granted so that the case of eggs and flour were not precisely similar.

It has been noted that on the 8th November a Decree was issued authorizing the free importation of 300,000 cases of evaporated milk under Law No. 5 plus the payment of a flexible subsidy up to one peso per case. This is precisely the same action as was suggested in the note under discussion [that] should be applied to imports of flour from any origin.

Under the circumstances, and in the interests of the favourable development of trade between Canada and Cuba, it is requested that the suggestion, put forth in our Note No. 81 of [3rd] October, 1946, should be given Your Excellency's most favoured consideration. It is considered that there is nothing in the Cuban-United States Treaty of Reciprocity that prevents the total elimination of customs duties on any specific items, as is provided for by Law No. 5 which has been invoked in the case of the importation of eggs and evaporated milk.

The Canadian Minister wishes to draw to Your Excellency's attention the desire of the Canadian Government and people to increase trade between Canada and Cuba, which desire has been clearly demonstrated by the steps taken to facilitate this trade within the possibilities of existing conditions. In the note previously referred to, were included figures demonstrating how Canada had increased its purchases in the Republic of Cuba by some 82 per cent for the first six months of 1946 as compared to a similar period last year. Furthermore, the Commercial Secretary's Office of this Legation has been actively engaged in assisting the marketing of Cuban products in Canada, and, recently, was able to effect the sale of some 300,000 pounds of hard candy. In September a Canadian shipping company established a direct and regular shipping service connecting Canadian Atlantic ports with Havana, thus further facilitating the interchange of commodities.

Under these circumstances, it is hoped that Your Excellency will be able to assist in removing this obstacle to the further development of trade and at the same time enabling one of the basic industries of Canada to maintain or to build up its position in the Cuban market.

The Canadian Minister avails himself etc.

1146.

DEA/288-40

*Le ministère d'État de Cuba à la légation à Cuba (Traduction)*

*Ministry of State of Cuba to Legation in Cuba (Translation)*

2856

Havana, [n.d.], 1946

The Ministry of State of the Republic of Cuba presents its compliments to the Legation of Canada and wishes to refer to the latter's note No. 102 of 26th November, concerning the tariff concession that the Legation would like to see applied to wheat flour originating and proceeding from Canada.

This being a matter within the competence of the Ministry of Commerce, the Ministry of State has forwarded the note referred to above to the former.

The Ministry of State of the Republic of Cuba takes this opportunity to reiterate to the Canadian Legation the assurances of its highest consideration.

## PARTIE 7 / PART 7

## TCHÉCOSLOVAQUIE / CZECHOSLOVAKIA

1147.

DEA/6993-B-40

*Le ministre de Tchécoslovaquie au secrétaire d'État aux Affaires extérieures*

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

No. 1014/46

Ottawa, April 4, 1946

Sir,

I have the honour to inform you that I have been instructed by my Government to apply to the Government of Canada for a credit of thirty million dollars on the basis of the Act to amend the Export Credit Insurance Act passed by the House of Commons on December 6th, 1945, for the purpose of buying Canadian goods.

By asking for this credit, the Czechoslovak Government plans to rehabilitate the Czechoslovak trade and industry and to reconstruct the trade relations with Canada which flourished in the period before the world economic depression when Czechoslovakia was the second largest consumer of Canadian wheat—coming immediately after Great Britain. My Government intends to purchase out of this credit wheat and other foodstuffs to the value of fifteen million dollars. In addition we propose to purchase manufactured goods such as agricultural machinery, electrodes and chemicals to the value of about four million dollars, metals, wood, asbestos, hides and furs and other raw materials to the amount of about six million dollars and the balance to be used for transportation costs.

With regard to the conditions of repayment of such credit, the terms stipulated in the first Credit Agreement could be taken as a basis for the formulation of the new agreement.

The Czechoslovak Republic would be very grateful if their application for this export credit could be favourably considered by the Government of Canada.

Accept etc.

FRANTISÉK PAVLÁSEK

1148.

DEA/6993-B-40

*Mémoire du sous-secrétaire d'État associé aux Affaires extérieures  
au sous-ministre du Commerce*

*Memorandum from Associate Under-Secretary of State for External Affairs  
to Deputy Minister of Trade and Commerce*

Ottawa, May 17, 1946

I enclose copy of the following communications from the Czechoslovak Minister in Ottawa:

1. Note of April 4th.
2. Letter to Mr. Robertson of April 4th.†
3. Letter to Mr. Robertson of April 9th.†

The Czechoslovak Minister has asked for an export credit of \$30,000,000. Mr. Robertson, in the conversation referred to in the letter of April 4th, told Mr. Pavlásek that the Canadian Government could not at this time make an additional export credit commitment. Mr. Robertson gave the usual economic reasons and touched on no political considerations. Mr. Pavlásek has asked that the matter be reconsidered.

I see no strong political interest in granting an additional credit to Czechoslovakia. We have shown our friendly intentions by the original credit.

I should welcome your comments. I have sent a similar memorandum to the Department of Finance.

S. D. PIERCE  
for the Associate Under-Secretary  
of State for External Affairs

1149.

DEA/6993-B-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*

Ottawa, May 22, 1946

ATTENTION: MR. S. D. PIERCE

I have for reference your memo of May 17th with attached correspondence in which it is noted that the Czechoslovakian Minister in Ottawa has approached you on the subject of an additional export credit of \$30,000,000.

My comment in this connection is that the general supply situation for the goods in which Czechoslovakia is interested in obtaining from Canada

under the original agreement and a proposed new loan has not improved any in the last year, in fact if anything the situation is tighter than ever.

Dr. Pavlásek has been informed already that there will be no more wheat available until the new crop is harvested, and until then we are not in a position to state what quantities might be allotted. As you know foodstuffs are under Combined Food Board allocation. On a number of occasions after the granting of the original credit in March and June 1945, we called Dr. Pavlásek's attention to the necessity of not only obtaining an allocation from the Combined Food Board, but also having the agreement of UNRRA to the Czechoslovakian Government purchasing these supplies in view of the fact that Czechoslovakia was a claimant on UNRRA. So far as we have been able to ascertain this matter was never finally settled, and I believe that there are some difficulties on the allocation of foodstuffs because of this.

The original credit was granted for the purchase of specific goods, the principal of which were:

Wheat, Copper, Lead, Nickel, Aluminum, Canned Fish, Dried Milk and Semolina flour.

According to Dr. Pavlásek's statement of April 27th, at that date only \$3,295,921 was expended, and of this \$2,679,119 was for wheat, the balance \$616,802 for raw materials, principally electrodes.

I am, therefore, of the opinion that under these circumstances we can take the position that if in a period of over a year they have failed to use the credit already granted them, although perhaps through no fault of their own, it seems hardly reasonable or good business that we should undertake to advance them a further credit and tie up additional funds.

M. W. MACKENZIE

1150.

DEA/6993-B-40

*Le sous-ministre des Finances au sous-secrétaire d'État par intérim  
aux Affaires extérieures*

*Deputy Minister of Finance to Acting Under-Secretary of State  
for External Affairs*

SECRET

Ottawa, May 28, 1946

Dear Mr. Wrong,

I have your letter of May 17th enclosing the note of April 4th from the Czechoslovakian Minister in Ottawa, his letter to Mr. Robertson of that date, and a subsequent letter of May 9th† to Mr. Robertson on the same subject. I have also had a personal visit from Dr. Pavlásek during which he has repeated to me his request for an additional export credit to Czechoslovakia.

This Department has reconsidered this question and I have taken it up again with the Minister of Finance. It continues to be our belief that the

Canadian Government could not and should not at this time make an additional export credit to Czechoslovakia. In my letter† to you of even date on the subject of an export credit to Greece, I have referred to what I understand to be the Government's general attitude in regard to additional commitments under its export credits legislation.

Dealing more specifically with the Czechoslovakian request, it seems to us likely that the amount of the present credit remaining unused should cover the most urgent needs of Czechoslovakia in Canada for most of the remainder of this current year, particularly when it is recalled that most of the supplies which Czechoslovakia wishes to obtain are now scarce.

Consequently, we feel that it would be wise for your Department to indicate to Dr. Pavlásek that even after reconsideration the Government is unable to agree, for economic reasons, to any increase in the amount of credit that has already been made available. This was the personal view which I expressed to him during our conference. He seemed, however, very anxious to be able to carry back to his own Government on his return to Czechoslovakia some kind of undertaking that the Canadian Government would be willing to increase the outstanding credit, at least by some small amount, if an extra credit of \$30 million was impossible. He expressed the hope that he would be allowed to reiterate his arguments personally to the Minister of Finance some time before leaving Ottawa in July. I told him that the Minister was exceedingly busy but that possibly he could find time for an interview if it were strongly desired.

On the general merits of the question, we continue to have a fairly high opinion of Czechoslovakia's credit and are inclined to believe that the country's past record and the general toughness and good sense of its people in regard to economic and political matters may entitle it to careful consideration when and if we are prepared to increase our commitments in the field of export credits. There is, of course, a real danger that they may not be able to resist the pressures that may be exercised upon them and that in both politics and economics their policies may be oriented eastward, in which case they may not be able to find the surplus exchange which will be required to meet obligations due to the western countries. Personally, I was not too happy about the note which Dr. Pavlásek has sent on behalf of his Government, explaining the latter's attitude in respect of the ITO proposals; they seem to have gone out to find an embarrassing wealth of reasons to justify their reluctance to accept the obligations of multilateralism in trade and currency which are involved in those proposals. There is some validity in a number of the arguments advanced but methought the lady was inclined to protest too much.

If, in any way, the Government is willing to hold open the possibility of reconsidering the question of additional credits at a later date, I believe it would be well to indicate to Dr. Pavlásek that we will wish, when such consideration is given, to have rather detailed estimates of the balance of payments position of Czechoslovakia before the war, in 1945 and 1946, and over the next few years, so that we may be able to judge how a credit such as may

then be under consideration will fit into the general external financial position of Czechoslovakia. We shall also wish at such time to have further information regarding the economic program of reconstruction being planned and carried out in Czechoslovakia.

I presume that your proposed reply to him will be cleared either by the Cabinet in general or by several of the Ministers most directly interested, including the minister of Finance.

Yours very truly,

W. C. CLARK

1151.

DEA/6993-B-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au ministre de Tchécoslovaquie*

*Acting Under-Secretary of State for External Affairs  
to Minister of Czechoslovakia*

Ottawa, June 17, 1946

Dear Dr. Pavlásek,

I am sending you herewith a formal reply† to the request which you made on behalf of your Government for an additional export credit.

I realize that in your discussions with Mr. Robertson and Dr. Clark the circumstances surrounding your request and the attitude of the Canadian Government have been somewhat fully discussed and therefore I feel that I should not attempt to go into any detail in answering the Notes which you addressed to Mr. Robertson on April 4th and May 9th, as I could not contribute anything further which would be helpful to you. But I should like to mention that the Canadian Government is most reluctant at the present time to enter into new or added commitments for the provision of export credits and in particular it desires to avoid concurrent loans to any country or the increasing of an existing loan until the original amount has been almost fully utilized.

Only a small proportion of the \$15,000,000 credit which was advanced in March of this year has been expended by your Government, a circumstance which can no doubt be attributed in some considerable degree to the limited availability of those goods and commodities which your Government is interested in obtaining from Canada. It may be possible to reconsider the question of an additional credit at some future date but I do not personally believe that any such submission would be profitable until the Canadian supply situation has improved and the current credit has been almost exhausted.

In the event that discussions should be re-opened at a later date I would suggest that we should be furnished with detailed statements of the balance of payments position of Czechoslovakia in the immediate pre-war years and

in 1945 and 1946, together with estimates of the expected balance during the next few years. We should also wish to have information regarding the planning and execution of the programme of reconstruction in Czechoslovakia so that we can understand how a credit from Canada would fit into the general exchange position of Czechoslovakia and its programme of reconstruction.

Yours sincerely,

H. H. WRONG

1152.

DEA/6993-B-40

*Le ministre de Tchécoslovaquie au secrétaire d'État aux Affaires extérieures*  
*Minister of Czechoslovakia to Secretary of State for External Affairs*

No. 1849/46

Ottawa, June 21, 1946

Sir,

I have the honour to refer to Clause 3 of the Canadian-Czechoslovak Credit Agreement of March 1st, 1945, according to which the Minister of Finance agrees to pay from time to time as mutually agreed upon within a period of twelve months, commencing on the date of the first payment thereunder, amounts which are requisitioned by the Czechoslovak Government to pay the cost of goods purchased or to be purchased by the Czechoslovak Government in Canada, the total of such amounts not to exceed fifteen million dollars.

The general economic and transportation conditions were so adverse immediately after the war, however, that Czechoslovakia was not able to employ this credit effectively in 1945. Later on, in 1946, when the transportation situation improved somewhat, the scarcity of goods on the Canadian market made it impossible to carry out the intended purchases.

The Czechoslovak Republic was unable to purchase wheat in 1945 in spite of the fact that it was available, because the Canadian Wheat Board made the condition that only such wheat could be sold which we could transport to Czechoslovakia, and as very little shipping space was available, we were able to buy only four cargoes in all. At the present time, although we are able to charter vessels, the Wheat Board has refused to sell wheat due to the general scarcity of this commodity. The same applies to lead, copper, nickel and other metals, in the case of which the Canadian Commercial Corporation has advised me that they cannot place orders earlier than 1947.

In consequence of these circumstances, the Czechoslovak Government would be grateful if they could make requisitions for amounts to pay the cost of the goods to be purchased on the basis of the said Agreement also in a period later than twelve months after the date of the first purchase, that is, November 30th, 1945.

As, according to information received from the Canadian Commercial Corporation and from the Canadian Wheat Board, it will be possible to place orders not earlier than 1947, an extension of a further twelve months would alleviate the difficulties of the present situation. I should therefore greatly appreciate if the period of one year stipulated in Clause 3 of the Credit Agreement could be prolonged by another twelve months.<sup>1</sup>

Accept etc.

FRANTISÉK PAVLÁSEK

PARTIE 8 / PART 8

FRANCE

1153.

DEA/8326-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France*  
*Secretary of State for External Affairs to Ambassador in France*

TELEGRAM 126

Ottawa, April 4, 1946

IMMEDIATE. 1. French delegation on double taxation having advanced its schedule arrived here last night from Washington. Negotiations began this morning. As Deputy Minister of National Revenue is away and as French delegation staying only until April 6 discussions aim merely at reaching agreement in principle with final negotiations to be concluded at a later date in Paris or by correspondence. Discussions will deal with proposed convention for the avoidance of double taxation on income and for the avoidance of double succession duties. Convention will probably closely follow the Canada-United States Income Tax Convention of 1942<sup>2</sup> with the exception that provisions for exchange of information are not as complete. The succession duties convention will probably follow fairly closely the Canada-United States Convention of 1944<sup>3</sup>

2. We intend to seek the retroactive application of the income tax convention to cover disputed cases of Royal Bank, etc. under French decree of 1872.

3. We hope to discuss also the national solidarity tax and the treatment of Canadian interests under French laws respecting reconstruction grants to war damaged properties although we do not expect to make much progress on these points since they are unrelated to the main purpose of the talks.

<sup>1</sup> La prolongation fut accordée le 30 novembre 1946.

<sup>2</sup> Voir Canada, *Recueil des traités*, 1942, N° 2.

<sup>3</sup> *Idem*, 1944, N° 17.

<sup>1</sup> The extension was granted on November 30, 1946.

<sup>2</sup> See Canada, *Treaty Series*, 1942, No. 2.

<sup>3</sup> *Idem*, 1944, No. 17.

4. If there are further general questions or particular points which you feel we might raise we would be glad to hear from you immediately.

1154.

DEA/8326-40

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

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

TELEGRAM 133

Ottawa, April 8, 1946

IMPORTANT. Our telegram 126 of April 4th, double taxation conversations.

1. Discussions ended this morning. Large measure of agreement in principle has been reached in proposed income tax convention. Informal agreement reached on draft clauses paralleling closely Articles III, IV, VI, VII, IX and XV of the Canadian-U.S. Convention of 1942. We have offered the French the same treatment with respect to exchange of information as was offered in the recent U.K. Convention. This provides for exchange of information on request but not automatically as in our convention with the U.S. The French seem satisfied that they cannot expect more favourable treatment. With respect to the French Convention of 1872, we have accepted in principle Article 4 of the original French proposals which offers us a choice of the treatment laid down in the Anglo-French or Franco-American conventions. We have not yet elected which alternative we will accept. We have obtained the concession that the new treatment will apply to all court cases in which a decision is still pending.

2. With respect to succession duties agreement, French have indicated an automatic giving of lists of names of estates in which French interests are noted is prerequisite to any agreement, with specific investigation by us of those cases in which they are interested. We are considering whether we are prepared to go so far.

3. Re the national solidarity tax, we have been offered treatment no less favourable than that accorded countries in a similar position with respect to capital taxes, viz U.S.A. Measures for administrative co-operation in the application of this measure by designating a special French official to discuss its application in individual cases with an officer or your Embassy have been suggested by the French.

4. We raised the question of the treatment of Canadian interests under French laws respecting reconstruction grants to war damaged properties but did not obtain the assurance we sought that national treatment would be granted us.

5. Details follow by bag.<sup>1</sup>

<sup>1</sup> Voir pièce jointe, document 1161.

<sup>1</sup> See Enclosure, Document 1161.

1155.

DTC/Vol. 296,T10243

*Décret du Conseil**Order in Council*

P.C. 1383

April 9, 1946

WHEREAS under the provisions of The Export Credits Insurance Act the Minister of Finance may be authorized to make a loan to the government or to an agency of the government of a foreign country for the purpose of facilitating and developing trade between Canada and that country and to enable such agency to purchase and pay the cost of Canadian-produced goods, if such government requests such a loan;

AND WHEREAS the Government of France, through the Ambassador of France to Canada, His Excellency Count Jean De Hauteclocque, has requested the Government of Canada to make a loan of \$242,500,000 to the Government of France;

AND WHEREAS it is deemed desirable to make a loan of the said amount to the Government of France for the purpose of enabling the Government of France to purchase from exporters and pay the cost of Canadian-produced goods exported or to be exported from Canada to Metropolitan France (including Algeria), the Union of Indo-China, and generally to any French colony, country under French protectorate, or territory under French mandate or for any other purpose approved by the Government of Canada for which loans may be made under Part II of The Export Credits Insurance Act as amended from time to time;

AND WHEREAS under the powers conferred by The Export Credits Insurance Act, the Governor in Council may determine the terms and conditions upon which such a loan shall be made;

THEREFORE His Excellency the Administrator in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce and under and by virtue of the powers conferred by Section 22 of The Export Credits Insurance Act, is pleased to authorize and doth hereby authorize the Minister of Finance to make a loan to the Government of France in an amount not to exceed Two Hundred and Forty-two Million Five Hundred Thousand Dollars (\$242,500,000), in accordance with the terms and conditions of the draft agreement in English and in French attached hereto,† and to sign on behalf of the Government of Canada an agreement with the Government of France in the form of the draft agreement in English and in French subject to such changes therein not affecting matters of substance as may be approved by the Minister of Finance.

A. D. P. HEENEY  
Clerk of the Privy Council

1156.

DEA/1-C

*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*

SECRET

Ottawa, May 3, 1946

Dear Mr. Robertson,

I have carefully considered the question raised by Mr. Blum of extending additional financial aid to France, as outlined in your letter of April 20th,† and Mr. Pearson's teletype of May 2nd,† copy of which reached this Department with your transmittal slip of the same date.

Although on humanitarian grounds I would like to see all possible assistance given to the French in their difficult task of rehabilitation, I cannot help but feel that the aid we have already given in granting the current credit is quite considerable in the light of our population and resources.

As you are aware, the amount of the present credit occasioned a good deal of hesitation when it was still in the discussion stages, as it was felt then that a loan of this size should provide possibilities for continuing trade on a scale larger than could be reasonably hoped for. Our exports to France in the immediate pre-war period averaged about \$9,000,000 per year or approximately 1.25% of total French imports from all countries, and whereas there seems to be some basis for expecting a higher post-war figure, such expectations are largely conjectural. In short, it was difficult to justify the original financial arrangement from a trade point of view. An additional and even larger loan to France would seem to have even less commercial justification, particularly in view of Canada's other heavy foreign commitments.

I think it is significant that our financial aid to France has been proportionately very much greater than that of the United States.

Yours sincerely,

M. W. MACKENZIE

1157.

DEA/1-C

*Mémoire du secrétaire du Cabinet au sous-secrétaire d'État  
aux Affaires extérieures*

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

TOP SECRET

Ottawa, May 7, 1946

The following item of particular interest to External Affairs was discussed at this morning's meeting of the Cabinet:

*Export credits; further loan to France*

The Minister of Justice suggested that a suitable communication to the French government might point out that the Canadian government had

agreed to free French assets presently held by the Custodian of Enemy Property; and might offer to facilitate the flotation by France of a loan in Canada through the International Bank if such a course appeared desirable; to consider funding Canadian military relief to France; and at an appropriate time in the future, to give sympathetic consideration to a further loan on the basis of the proposed programme of French purchases, subject to the following conditions:

(a) that the French government undertake to remove certain restrictions on trade;

(b) that further financial assistance be obtained by France from the United States; and

(c) that the Canadian government be satisfied in respect of the physical availability of the supplies involved and the feasibility of financing the loan at the time required.

The Cabinet, after discussion, agreed that the Minister of Finance prepare, for consideration at the next meeting of the Cabinet, a communication to the French government along the lines suggested by the Minister of Justice.

1158.

DEA/1-C

*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-1253

Ottawa, May 9, 1946

IMMEDIATE. SECRET. Following for your information is copy of the memorandum which I<sup>1</sup> gave to the Prime Minister after the talks with Mr. Monick had been concluded yesterday:

"Mr. Clark and I saw M. Monick, the French Ambassador and their colleagues this afternoon and gave them copies of the draft revision of the statement† concerning financial assistance to France which we had discussed with you, Mr. St. Laurent and Mr. Ilsley at three o'clock.

M. Monick thought, as we had rather expected, that a joint declaration along these lines might provoke more questions than it answered, and that it would probably be unwise for either Government to give the impression that a greater degree of agreement had been reached than was actually attained. His own preliminary view was that we should frankly recognize that under present conditions it was difficult, if not impossible, for the Canadian Government to extend the further credit to France for which he and his colleagues had

<sup>1</sup> N. A. Robertson?

hoped. The discussions in Ottawa had been friendly and frank. They fully appreciated the difficulties of the Canadian Government and the spirit in which our Government had attempted to understand and help meet the difficulties confronting the French Government. He would advise M. Blum at once of the position which the discussions had reached and let us know what instructions he received from him.

Later in the afternoon M. Monick called me to say that he had explained the position very fully to M. Blum, who quite appreciated the Canadian Government's inability to make new financial commitments at this time. He wished M. Monick to let you know how much France valued the financial cooperation it had already received from Canada. The welcome and understanding which his mission and M. Monick's had met in Canada were very important to them. It would be a great error on the part of France to prejudice this sympathetic relationship in any way by pressing our Government to go further than it thought it wisely could. In this spirit M. Blum told M. Monick to withdraw the request for a new credit from Canada. He was himself confident, on the basis of discussions here, that if on some future occasion our mutual interest made a supplementary financial agreement desirable, the Canadian Government would be as quick as the French Government to further it.

It was agreed with M. Monick that there would be no press or public reference to his discussions in Ottawa, as it was felt that it could be awkward for either Government if it became known that a request for a new loan had been made and that it had been turned down. If the press were very insistent about knowing the reasons for his visit to Ottawa, it would be entirely correct to say that as the new Governor of the Bank of France, he had wished to discuss a number of questions of mutual interest with the Governor of the Bank of Canada."

The alternative proposals which we had put forward and which were not considered sufficient to warrant such a declaration as was proposed were as follows:

#### *"Alternative A*

Before the present credit is exhausted, the two governments will explore together ways and means of providing such financial assistance to the Government of France as it may be feasible for the Government of Canada to provide and as may be necessary to enable the Government of France to finance this programme.

#### *Alternative B*

At the appropriate time, the two Governments will discuss the carrying out of this programme and have every expectation that it will be possible to make satisfactory arrangements both from the physical and financial points of view."

1159.

72-ALB-40

*Le bureau du Conseil privé au président, Trans-Canada Air Lines*

*Privy Council Office to President, Trans-Canada Air Lines*

Ottawa, June 5, 1946

Dear Mr. Symington,

I enclose for your information a memorandum for file which I have made on our conversations here yesterday with French representatives regarding a bilateral agreement. In general they are satisfactory.

I would draw your attention however, to the suggestion put forward by Mr. Howe in respect of an inter-company agreement to permit certain exchanges of special traffic. This, I believe, was a proposal that Mr. Howe produced on the spur of the moment to meet the French desire for some special concession and which was left in a rather vague fashion. You will undoubtedly wish to examine it further. Rather than offer any detailed comment in this letter I will wait until I have had an opportunity to discuss it with you.

Sincerely yours,

J. R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire du bureau du Conseil privé*

*Memorandum by Privy Council Office*

DISCUSSIONS ON A CANADA-FRANCE AIR AGREEMENT

On Tuesday, June 4, 1946, representatives of the French government attending the first assembly of the Provisional International Civil Aviation Organization came to Ottawa to discuss a bilateral aviation agreement between Canada and France. They met in the afternoon with Mr. J. R. Baldwin of the Privy Council Office and subsequently with the Ministers of Reconstruction and Supply and Transport.

The French representatives wished commercial rights in respect of two services; the first from Paris to Montreal (this would, in effect, be on the line which they are granted under their agreement with the U.S., from Paris to Chicago via Montreal); the second, a local service from St. Pierre and Miquelon to Sydney, Nova Scotia.

They were informed that there would be no difficulty about the second service which would, in effect, be a feeder connecting with Trans-Canada Air Lines at Sydney; we would not be interested in exercising any reciprocal rights in respect of this service.

As regards the Paris-Montreal line, the French representatives were informed that there would be no difficulty about an exchange of the first four freedoms, but it would be exceedingly difficult for us to grant any fifth freedom rights at Montreal since we had already refused them to several other countries. The French representatives expressed their appreciation of this position, but pointed out that they were very anxious to obtain what they described as a limited fifth freedom right at Montreal which would permit them to pick up some traffic for Chicago. They stated that they would be willing to accept any reasonable rules and regulations governing capacity and frequencies which we considered necessary for our protection in the event of granting this limited fifth freedom; as an example, they would be prepared to impose the rate differential discussed by PICAQ.

Mr. Howe made it quite clear that we could not contemplate granting in any inter-governmental bilateral agreement, any fifth freedom rights at the present time, but suggested as an alternative that the Canadian and French governments might exchange the first four freedoms and that subsequently Trans-Canada Air Lines and Air France might enter into an inter-company agreement or understanding which would permit, in effect, involve a limited amount of carriage of fifth freedom traffic. He suggested, for example, that under an inter-company agreement Air France might be permitted to pick up in Montreal for Chicago any traffic which could not be carried by Trans-Canada Air Lines, or that arrangements might be made by which Trans-Canada Air Lines would permit Air France to carry a certain limited type of traffic out of Montreal. Mr. Howe pointed out that there would have to be some quid pro quo such as an agreement by Air France to route traffic over Trans-Canada Air Lines in instances where no competition was involved, e.g. the French local service in the West Indies might agree that its travellers proceeding north or south over the territory served by Trans-Canada Air Lines would be routed via Trans-Canada Air Lines; a similar arrangement might be entered into in regard to other routes as well.

1160.

CEW/Vol. 2130

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

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

DESPATCH 476

Ottawa, June 21, 1946

Sir,

I have the honour to refer to the question of compensation to Canadians with respect to war damaged property in France.

Article VII of the Declaration of the Government of the United States of America and the Provisional Government of the French Republic made on the conclusion of the recent Franco-American financial talks, states: "The

French will accord to American nationals who have suffered damage to their properties in France through causes originating in war compensation equal to that payable to French nationals having the same types and extents of losses. The United States Government has informed the French that equality of treatment is accorded to French and American nationals with reference to war damages to property in the United States.”

You will recall the question of compensation to Canadian nationals was brought up in connection with both the National Solidarity Tax and the loan negotiations with the French. On these occasions we pointed to the provisions of Resolution 3 (a copy of which is attached) † of the Unanimous Resolutions contained in the Final Act of the Paris Conference on Reparations. The principal argument put forward by the French in refusing to grant Canadian firms national treatment regarding compensation for war damage was that there would be no reciprocity in such an arrangement. Canadian firms in France would benefit, but French firms in Canada would not, since Canada suffered no war damage of any significance. This they contended was in accordance with their understanding of the last sentence of Resolution 3.

With the granting of national treatment to the United States the argument of the French with respect to reciprocity is clearly no longer applicable as the American position relative to war damage approximates our own.

We should be grateful, therefore, if you could make a representation to the French Government with a view to obtaining the same treatment for Canadian nationals as that accorded to American nationals. You might point to the sustained efforts of Canada in the re-establishment of France as a world trader. Canada's loan to France of approximately \$250,000,000 compares highly favourably, bearing in mind the relative population and resources of Canada, with the loans and other grants obtained from the United States.

We feel that our case is a strong one, and you should, therefore, make every effort to obtain from the French Government agreement to the extension to Canada of the treatment already accorded in this regard to the United States.<sup>1</sup>

I have etc.

H. H. WRONG  
for the Secretary of State  
for External Affairs

<sup>1</sup>La note suivante était écrite sur cette dépêche:

Mr. Beaulieu—Important

Please take up with appropriate French authorities the question of obtaining same treatment for Canadian nationals as that accorded to American Nationals. Please keep me informed of progress. In the last resort, if necessary, I shall see the M[inistry of] F[oreign] A[ffairs].

<sup>1</sup>The following note was written on the despatch:

G. P. VANIER

1161.

DEA/8326-40

*Le chef, la direction économique, au sous-ministre  
du revenu national (Impôts)*

*Head, Economic Division, to Deputy Minister of National Revenue (Taxation)*

Ottawa, July 4, 1946

I have your letter of June 27<sup>†</sup> enclosing a memorandum covering the conversations which took place in Ottawa on 4th, 5th and 6th April last between representatives of the Republic of France and representatives of Canada. In the attached memorandum prepared for forwarding to the French authorities certain modifications particularly in the section concerning the National Solidarity Tax have been introduced, and for the sake of convenience subject headings have been supplied. If you agree to the suggested memorandum, I should be glad to forward it to French authorities as proposed in your letter.

I assume that your memorandum of the conversations was discussed with the Department of Finance and I am referring to them a copy of this letter and its enclosure.

SYDNEY D. PIERCE

[PIÈCE JOINTE/ENCLOSURE]

*Nouveau projet de mémorandum du ministère des Affaires extérieures*

*Redraft of Memorandum by Department of External Affairs*

MEMORANDUM CONCERNING DISCUSSIONS BETWEEN REPRESENTATIVES OF THE REPUBLIC OF FRANCE AND REPRESENTATIVES OF CANADA WITH RESPECT TO A PROPOSED RECIPROCAL CONVENTION FOR THE AVOIDANCE OF DOUBLE TAXATION AND FOR THE EXCHANGE OF INFORMATION

Conversations were opened on the morning of the 4th April, 1946, and continued through until noon of the 6th April.

Taking part in the discussions were the following:

ON BEHALF OF THE FRENCH REPUBLIC:

*French Ministry of Finance*

- |                |  |
|----------------|--|
| M. A. Boissard | — Directeur général de l'Enregistrement, des Domaines et du Timbre   |
| M. Certeux     | — Chef du service de la coordination des administrations financières |
| M. Serre       | — Chef de bureau—coordination des administrations financières        |

*Foreign Affairs*

- |              |   |
|--------------|---|
| M. P. Perier | — Consul général, Directeur des conventions administratives |
| M. Deciry    | — Consul, Direction générale des affaires administratives   |

*French Embassy*

M. B. Lechartier — Commercial Counsellor and Financial Attaché  
 M. J. Humbert — Commercial Attaché

## ON BEHALF OF CANADA:

*Department of External Affairs*

Mr. S. D. Pierce — Chief, Economic Division  
 Mr. J. D. M. Weld — Secretary

*Department of Finance*

Dr. W. C. Clark — Deputy Minister of Finance  
 Dr. A. K. Eaton — Director, Taxation Division  
 Mr. J. H. Perry — Taxation Investigator

*Department of National Revenue*

W. S. Fisher, K. C. — Assistant Deputy Minister (Legal)  
 W. J. Murphy — Director of Succession Duties  
 H. C. Hogarth — Executive Assistant, Administration  
 J. G. McEntyre }  
 P. A. Boivin } — Counsel and Legal Executive Assistant  
 W. J. Hulbig }

The following abbreviations are used in reporting the conversations:

(a) An Arabic numeral refers to an Article of the Draft Convention submitted by the Republic of France;

(b) A Roman numeral preceded by a capital P refers to an Article in the Draft Protocol submitted by the French representatives;

(c) A Roman numeral without prefix refers to an Article in the Canadian Draft "Headings" submitted for discussion;

(d) A Roman numeral preceded by the letters U.S. refers to an Article in the Income Tax Convention between the United States and Canada.

## I PRELIMINARY AGREEMENT ON PROCEDURE

In view of the short stay in Canada of the French Delegation it was felt that a general discussion should take place initially, to be followed by agreement where possible on principles.

Concerning Succession Duties, it was agreed that the problems were not many or difficult and that accordingly the principles with respect to an Income Tax Convention should have priority in the discussions.

## II EXCHANGE OF INFORMATION

The French Delegation made it clear that they were vitally interested in the widest possible exchange of information between the taxation authorities of both countries, in order that fraud might be limited as much as possible. (16, 17, 18; XIII). They indicated a desire to have a provision similar to that in the U.S.A.-Canada Convention. (U.S. XX)

The Canadian Delegation stated that it was not empowered to offer automatic interchange but only information on specific request in a particular case. All information obtainable under the Canadian law would be furnished upon

specific request. It was explained that special circumstances had prevailed in so far as the U.S.A.-Canada Convention was concerned and that the Canadian Government did not see its way clear to extend the same treatment to other nations.

The French Delegation pointed out that while it understood the Canadian desire to avoid overloading its administration, nevertheless the volume of income flowing from Canada to persons in France and from France to persons in Canada would be much smaller than that flowing between persons in the United States and Canada and therefore the automatic information which they sought would probably not impose a very great burden on the Canadian administration. They emphasized the importance to France of the fullest information to combat fraud and they feared that the policy of information on request might not be sufficient for their principals, particularly in view of the wider provision in the U.S.A.-Canada Convention. (U.S. XX)

The Canadian Delegation replied that in practice the information forwarded under U.S. XX was supplied by Canadian companies and placed a very great burden upon them; further, that it was intended to attempt to negotiate Conventions with a number of countries and the Canadian Government did not wish to extend the practice of automatic interchange. In fact, the practice of automatic interchange was not extended to the United Kingdom of Great Britain in the proposed Convention between Canada and that country.

From time to time during the conversations further reference was made to the question of exchange of information. The French Delegation inquired whether the Canadian Government would be prepared to go further for Succession Duty purposes than they were for Income Tax purposes, inasmuch as there would be much less work, i.e., fewer persons involved. They pointed out that the United States had gone so far as to agree that United States assets of French decedents should not be transferred until receipt of a release in respect thereof from the French Government. The Canadian Delegation indicated that it had no authority to go further than to offer information upon request in specific cases but undertook to refer the question again to their principals.

The French Delegation inquired as to the extent of the information it might expect if an inquiry were addressed to the Canadian taxing authorities in a particular case. They were informed that they would get all the information which could be obtained under the law as it stood in Canada. They inquired whether this meant merely the information which the Canadians would have on file, or whether the authorities were empowered to make investigations, and in particular whether information could be obtained from banks. They were assured that the Canadian taxing authorities had power to obtain information from banks with respect to particular taxpayers.

The subject of the exchange of information was taken up by the Canadian Delegation with the Canadian Ministers of Finance and National Revenue and

subsequently the French Delegation were advised that the Canadian Government was not prepared to accept the automatic basis of interchange of information.

It was indicated by the French Delegation that an agreement might be reached on the subject of Income Tax on the basis of the more limited exchange of information but that the Succession Duties question presented more difficulty. They indicated that unless something more extended than information upon request were agreed to in the case of Succession Duties the French Government would probably not wish to become bound by a formal convention. They suggested that Canada undertake to give a list each year of successions in which it had come to the notice of the taxing authorities that there were assets in both countries. In this way it was thought that the French Government would be satisfied in that it would be put on guard against any possible fraud on the part of the estates thus listed. The Canadian Delegation promised that the suggestion would receive consideration.

### III FRENCH TAX OF 1872

The Canadian Delegation asked for information concerning the tax which appeared to them to be extra-territorial in its effect, namely, the French tax levied on the dividends distributed outside of France by a foreign government which controlled a subsidiary company carrying on business in France. (VI)

It was pointed out by the French Delegation that under the French system of taxing companies carrying on business in France, branches and subsidiaries are treated somewhat differently. In the case of a branch there is a 24% tax on profits and in addition a 30% tax levied as on the distribution by the Canadian Head Office, but assessed in France and based on the proportion of French assets in proportion to total assets of the company.

In the case of a subsidiary, there are three taxes:

- (a) 24% of profits;
- (b) 30% on dividends from the subsidiary company in France to the parent company abroad; and
- (c) 30% calculated in the same manner as the second tax with respect to branches referred to above.

The French Delegation explained that this tax law has been part of the French taxation system since 1872 and would therefore tend to be difficult to change. The solution they proposed (4 and 5) was outlined. In the French-U.K. Convention 4 Alternative 1 was adopted and in the French-U.S. agreement 4 Alternative 2 was taken by the United States. Canada was to consider which alternative of Article 4 she desired to adopt. Under the clause accepted by the United Kingdom the amount of tax is assessed arbitrarily and does not necessarily relate to the amount of profits made in France. In this way there is a ceiling to the tax and an advantage may result to the taxpayer.

Under the clause adopted by the United States the tax would be levied on three-quarters of the profits actually derived from France.

In both these formulae, however, the objectionable feature of taxing regardless of profits which prevails ordinarily under the law of 1872 would be avoided inasmuch as by this system if there were no profits there would be no tax.

It was pointed out by the French Delegation that it would be difficult to arrange any other solution, particularly as the U.S. and U.K. agreements had been concluded as outlined, and that in view of the precedents thus established, it was doubtful if a third formula would be acceptable to the French Government. It was further contended that while the systems in the two countries were different, the weight of taxation was much the same, e.g., the Canadian tax amounts to 40%, whereas the French tax works out at 41%.

It was pointed out by the Canadian Delegation that under our existing Canadian legislation no tax was levied by Canada on dividends paid by a wholly owned subsidiary to a foreign parent company.

#### IV CANADIAN PROVINCIAL TAXATION

The French Delegation brought up the question of extra-territorial tax levied by the Canadian Provinces, particularly taxation by the Province of Quebec of French companies having no permanent establishment in that Province but which sell wines and spirits therein through agents. The Canadian Delegation explained that the Provinces have local autonomy in the matter of levying direct taxation for provincial purposes and it was emphasized that the Canadian Government could enter into no agreement which would have any effect on the Provinces within the sphere of taxation of the provincial legislature. The French Delegation pointed out that there was a possibility of the Provinces levying provincial taxes which might throw any international Convention out of balance. The Canadian Delegation reiterated that it was unable to make any agreement which would bind the Provinces.

#### V TERMINATION CLAUSE

This subject was considered again later in the proceedings when the question of the duration of any Convention was under discussion and it was decided that, to protect France against the levy of an extraordinary tax by a Province which would disturb the equilibrium of the Convention, no provision would be made setting out the life of the Convention but that a termination clause providing that one party might end the Convention in any year by giving a stated number of months notice, would be sufficient. (XV)

#### VI EXTENSION TO FRENCH UNION

As to Article II, there was a discussion as to whether the French Overseas Empire should be included with the definition "Republic of France". The Canadian Delegation inquired as to the appropriateness of including in a Convention a clause whereby by simple agreement between the parties, a portion of the French Colonial Empire might be included therein. The French Delegation pointed out that at the present time the Colonies either imposed no income tax or such a small tax as to be negligible.

After further discussion the following procedure was agreed upon: France could extend the agreement by a simple declaration of intention, but the extension to any given colony could be repudiated by Canada without affecting the general application of the Convention.

#### VII AGREEMENT IN PRINCIPLE ON CANADIAN HEADS OF AGREEMENT

The several headings to be forwarded by the Canadian Delegation were reviewed and the following articles as contained in the headings were agreed to: IV, V, VII, VIII, IX, X, XI, XII.

Regarding VII, the Canadian Delegation pointed out that it was not desired to base the exemption from tax on vessels upon the registration of those vessels, inasmuch as certain ships of Canadian companies were registered in the United Kingdom. The French Delegation indicated that if the vessels were owned by a resident of Canada there should be no objection, even if the vessel were registered in another country.

Concerning VIII and X, the Canadian Delegation pointed out that it was desirable that Government pensions should be taxed only by the state paying the pension. The French Delegation agreed that this was their understanding.

Regarding XI, it was agreed to delete the words "business apprentices", that there was considerable difficulty in defining just what was meant by "business apprentices" and, in any event, it was considered that remittances received by such persons would not be large enough to attract taxation.

#### VIII SOLIDARITY TAX

The Canadian Delegation inquired concerning the nature and effect of the French Solidarity Tax (XIV). It was explained that the Solidarity Tax was a capital tax levied on the value of all material and intangible assets situated in France without regard to the nationality of the owner.

The question was asked as to whether a Canadian company subject to the Solidarity Tax on its French assets could participate in compensation to be paid by the French Government for war damage. The reply was to the effect that Canadian owned companies in France were not eligible for war damage compensation because French owned companies in Canada could obtain no reciprocity, there having been no significant war destruction here. It was further pointed out that, although the preamble to the Solidarity Tax law referred to war damage compensation, the proceeds of the tax formed part of the general revenue fund of France and were not earmarked in any way for war damage. The Solidarity Tax was imposed equally on nationals of France and foreigners having assets in France, so that there was no discrimination in the imposition of the tax.

The extent to which the French Solidarity Tax applies to residents of Canada was discussed. It was suggested that Canadian treatment in respect to the Solidarity Tax should be no less favourable than that afforded to any other

country. The French Delegation stated that they could not grant Canada the same treatment as that accorded to other countries with capital taxes because certain special arrangements relating to capital taxes might be worked out by France and the foreign country imposing the capital tax. However, Canada would be granted treatment no less favourable than that accorded to any other country in the same position with respect to capital taxes, specifically the United States. The French Delegation promised a liberal interpretation of the capital gains provisions of the National Solidarity Tax as for example in the case of individuals and companies who were unable to repatriate monies because of the war exchange control or other reasons. The French Delegation suggested that specific application of the law in cases of this type might be worked out most efficiently by administrative cooperation between a member of the Canadian Embassy in Paris and officials of the French Ministry of Finance.

1162.

DEA/9271-40

*Mémorandum de la direction économique au sous-secrétaire d'État  
aux Affaires extérieures*

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

CONFIDENTIAL

[Ottawa,] September 30, 1946

## FRENCH NATIONAL SOLIDARITY TAX

1. As Canadian companies and nationals must shortly complete returns with respect to the French National Solidarity Tax, it is now necessary that we reach an understanding with the French defining the extent of their liability and that we advise our nationals accordingly. Although the subject was originally discussed in connection with the proposed convention with France for the avoidance of double taxation, it seems preferable to settle it now as a distinct issue. Several Canadian companies and concerns are interested, including Massey-Harris, some Canadian banks and the Foreign Power Securities Corporation of Canada, Ltd. Col. J. L. Ralston, K.C., is representing the Foreign Power Securities Corporation and is pressing us for information concerning our action in the matter.

2. The solidarity tax was imposed by Ordinance dated August 15th, 1945. It consists of a tax on capital and on enrichment (increase of wealth between January 1st, 1940 and June 4th, 1945). Companies whose head office is situated outside of France and who owned on June 4th, 1945, assets in France are liable to taxation on such assets in France as of June 4th, 1945, and individuals domiciled abroad are liable to taxation on their total assets in France on June 4th, 1945, and to the tax enrichment.

## CANADIAN POSITION.

3. We raised the question of the liability of Canadian companies and residents of Canada to these taxes in our negotiations with the French delegation in Ottawa in April last concerning the proposed convention between Canada and France for the avoidance of double taxation. The French explained that the Solidarity Tax was a capital tax levied on the value of all material and intangible assets situated in France without regard to the nationality of the owner. We suggested that Canadian treatment in respect to the Solidarity Tax should be no less favourable than that accorded to any other country. The French delegation stated that they could not grant Canada the same treatment as that accorded to other countries with capital taxes (e.g. Holland and Belgium) because certain special arrangements relating to capital taxes might be worked out by France and the foreign country imposing a capital tax. However, Canada would be granted treatment no less favourable than that accorded to any other country in the same position with respect to capital taxes, specifically the United States. The French delegation promised a liberal interpretation of the capital gains provisions of the Solidarity Tax as for example in the cases of individuals and companies who were unable to repatriate monies because of the war, exchange control, or other reasons. We prepared a memorandum of the above negotiations and sent a copy to the French Ambassador on July 19th.<sup>1</sup> We have, however, heard nothing further from the French.

4. Article 7 of the Canada-France Convention concerning the Rights of Nationals and Commercial and Shipping Matters of May 12th, 1933,<sup>2</sup> provides that companies of either country shall enjoy in all respects and in all matters the treatment of the most favoured nation and Article 2 of the Convention provides that individuals are entitled to the treatment of most favoured nation in fiscal matters. We could I think claim no less favourable treatment than Belgian or Dutch, etc. companies or nationals even if these are liable to a capital tax in their country for assets situate in France. Mr. Renaud concurs. We were advised in June last by our missions at The Hague, Brussels and Oslo that France had not concluded any special arrangements with The Netherlands, Belgium or Norway. We recently requested advice if any such arrangements have now been concluded.

...

## RECOMMENDATION

7. Any one of the following 3 courses may be open to us:

(i) We can decide not to invoke the 1933 Convention to the extent of demanding full most favoured nation treatment, that is, the treatment which may be accorded by France to such countries as Belgium and Holland which

<sup>1</sup> Voir le document précédent.

<sup>1</sup> See preceding document.

<sup>2</sup> Voir Canada, *Recueil des traités*, 1936, N° 18.

<sup>2</sup> See Canada, *Treaty Series*, 1936, No. 18.

have capital taxes of their own, and to accept the treatment of the most favoured nation in a similar position with respect to capital taxes as we are. This would give us at least the same treatment as that accorded to the U.S.

(ii) Course (i) above, but at the same time we would advise our nationals that although the Canadian Government is not making representations to the French authorities demanding full most favoured nation treatment, companies and individuals may do so on their own account if they so desire. I am not clear that an individual citizen may so invoke the provision of an international convention on his own behalf, and I am having this point checked by the Legal Division.

(iii) We can decide to rely on the 1933 Convention and demand strict most favoured nation treatment.

8. I recommend that we adopt course (i) indicated above. This course conforms very closely with the attitude both the U.K. and the U.S. have adopted. It might be difficult to ask for the same treatment as that accorded to countries with capital taxes of their own. Any special arrangements which France may make with such countries will presumably deal with the question of the avoidance of double taxation with respect to capital and these arrangements will not be applicable to a Canadian taxpayer.<sup>1</sup>

9. Presumably it will be necessary to refer this question to Finance and National Revenue when we have decided our position.<sup>2</sup> I am sending a copy of this note to Political II.<sup>3</sup>

1163.

CEW/Vol. 2130

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

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

DESPATCH 830

Ottawa, October 29, 1946

Sir,

I have the honour to refer to your despatch No. 830 of September 19th† regarding compensation to Canadians for war damaged property in France.

2. I have noted that you have not received a reply from the French authorities to your note No. 244 of September 10th.† Your despatch, however, suggests that from conversations of a member of your staff with French officials, the French authorities may wish us to entertain some arrangement of "50-50" responsibility in this matter, and further that the French may wish

<sup>1</sup> Note marginale:

<sup>1</sup> Marginal note:

I agree. H. W[RONG]

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

<sup>2</sup> The following note was written on the memorandum:

Please go ahead with consultations with Finance and National Revenue. H. W[RONG]

<sup>3</sup> Les discussions avec la France sur cette question ont eu lieu en 1947.

<sup>3</sup> Discussions with France on this issue were held in 1947.

to join the question of war damage compensation with discussion of a new credit to be granted by Canada to France.

3. Your note to the French Ministry of Foreign Affairs states our position quite accurately and I do not consider that we should be expected to modify it in any way. We should not entertain any suggestion of "50-50" assumption of responsibility. Nor should we permit France to use the question of war damage compensation as a means of bargaining for an extension of her export credit granted by Canada, which is a matter quite distinct.

4. To strengthen the case you have made, I feel it would be advisable if you were to draw the attention of the French authorities to the Canada-France Convention concerning the Rights of Nationals and Commercial and Shipping Matters of May 12, 1933. Article 2 of the Convention provides that nationals of either country shall enjoy the same treatment and the same protection before the fiscal authorities and jurisdictions of the other country as nationals of the other Party or as nationals of the most-favoured-nation. Article 7 provides that companies shall enjoy in all respects and in all matters the treatment of the most-favoured-nation. While it is true that payment of war damage compensation was not contemplated when this convention was signed, the spirit of the Convention, and indeed the purpose of it, is to put Canadian nationals in the position of nationals of a most-favoured-nation in regard to all commercial and fiscal matters in France and, of course, to put French nationals in the same position in Canada. Articles 2 and 7 to which I have referred considerably weaken the French argument that because French-owned companies in Canada can obtain no compensation for war damage, as they suffered no damage, Canadians are not entitled to compensation in France. The Convention of 1933 contains no suggestion that the regulations applied in one country must be identical with the regulations applying in the other if national or most-favoured-nation treatment is to be accorded the nationals of one country by the other.

5. There is one other aspect of the question which until recently has escaped our attention. It is felt that paragraph 23, read together with paragraphs 24 and 25, of the agreement with France covering the release of private property from government control (Treaty Series 1946, No. 16) fully covers the question of war damage compensation. I am advised by the Assistant Deputy Custodian that it was fully the intention of the Custodian's Office when this agreement was negotiated to require the French Government to agree to protect the interests of residents of Canada who might have suffered loss or damage to their property situated in France, and that he firmly believes that the French representatives who negotiated this agreement accepted this fact as they themselves approved of the above three clauses. It should be noted also that the agreement referred to establishes the definition of "property" as "all real and personal property and all rights and interest therein, whether legal or equitable". I am enclosing for convenience a copy of this agreement.†

6. I am therefore of the opinion that this agreement itself could be considered as an international agreement such as is referred to in Article X of the French Bill "Projet de Loi sur les dommages de guerre", and in Resolution 3 of the Final Act of the Paris Conference on Reparations.

7. If you consider it necessary and advisable you might refer the French authorities to this agreement and our interpretation of it. I think you should note however that our interpretation of this agreement is based on the recollections of the Custodian's Office of the negotiations which led up to it. The French may very well have other views and reject our interpretation.

I have etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

1164.

DTC/Vol. 309, T10783

*Le directeur, la direction économique, le ministère des Finances,  
au sous-secrétaire d'État aux Affaires extérieures*

*Director, Economic Division, Department of Finance  
to Under-Secretary of State for External Affairs*

Ottawa, November 1, 1946

Dear Mr. Pearson,

I thought you should know of the negotiations which the Foreign Exchange Control Board (Rasminsky and Coyne) and the Finance Department (Read and myself) are conducting with France and, to a lesser degree, with Holland and Norway, regarding the use of Canadian dollars to pay for imports into their countries from Canada. The occasion for such rearrangements arises out of the desire of these countries to use their export credits for private trade, but the implications of the present arrangements go beyond that.

In general, it is proposed that we shall make the Canadian dollar balances of these various countries freely available to pay for exports from Canada, even though these balances may have been derived from certain capital sources. Up to date, of course, our exchange control has been operated on the principle of not permitting the export of capital except in special circumstances, and of requiring U.S. dollars to be provided for exports to all countries other than those in the sterling area. At the time of making this arrangement, we are asking these various countries to give us the privilege of using any Canadian holdings in their countries to pay for exports from those countries to Canada. It is not expected that these balances will be large. In general, it is planned that exports from such countries to Canada can be

paid for either in the currency of those countries or in U.S. dollars. Heretofore they have been paid for in U.S. dollars. We are planning to ask these various countries for assurance that in consideration of this arrangement of using Canadian dollars to pay for exports from Canada, they should assure us that they will not permit their residents to buy or sell Canadian dollars except through official channels or channels approved by our control authorities, i.e., that they will not permit their residents to buy or sell dollars in the unofficial markets, such as in New York. We will be prepared to give a similar assurance in respect of Canadians buying or selling their currencies.

We had originally planned, in the case of France at least, to incorporate these arrangements in a monetary agreement that would be published in your treaty series and that would supersede the exchange of notes on August 23 and September 11, 1945. However, when we came to draft the notes, we found that we were not able to agree on the provisions for convertibility of balances, and we think we can avoid having to raise this issue by making the arrangements in the manner described above and carrying them out in such a way that neither country will accumulate substantial balances of the currency of the other. Inasmuch as these arrangements involve granting some privileges to these countries, which are borrowing from Canada, that we do not grant to other countries, for example, the United States, we would prefer not to have formal agreements nor published agreements, which might lead to charges that we were discriminating in favour of these countries and against others in the operation of our exchange control. In fact, there are good answers to such charges of discrimination, but they are of such technical nature that it might be difficult to make them convincing to public opinion, for example, in the United States. Essentially the point is that while we are granting credits to a country, it seems unreasonable to prevent it drawing on its own capital resources in Canada to finance exports from Canada. On the other hand, of course, we cannot permit the United States to draw on its huge capital assets in Canada to finance American imports from Canada.

If there are any questions about these proposed arrangements or the negotiations concerning them which anyone in your Department would like to raise, they might get in touch with me or with Mr. Rasminsky or Mr. Coyne about them. I am sending a copy of this note to Mr. Heasman of the Department of Trade and Commerce, in case they are interested as well.

I should add that these arrangements in regard to exchange control will be supplemented by amendments or other documents authorizing the use of the credits provided to these countries for private purchases of Canadian goods in Canada.

Yours truly,

R. B. BRYCE

## PARTIE 9 / PART 9

## GRÈCE / GREECE

1165.

W.L.M.K./Vol. 273

*Mémorandum de l'ambassade de Grèce**Memorandum by Embassy of Greece*

Ottawa, May 9, 1946

1. On November 22, 1945, the Ambassador of Greece had occasion for the first time to communicate, orally, to the Under-Secretary of State for External Affairs that the Hellenic Government would be interested in securing from the Canadian Government, on the basis of the Export Credits Act, a credit destined for the purchase of Canadian products so as to cover a part of the actual needs in Greece.

2. On December 4th, 1945, in conformity with instructions from his Government, the Ambassador of Greece had the honour to address a letter to the Under-Secretary of State for External Affairs on the same matter (Letter No. 1218).

3. On December 10, 1945, by his note No. 21, the Under-Secretary of State for External Affairs brought to the attention of the Ambassador of Greece that before consideration is given to his country's request for export credit, a programme covering the supplies which Greece intends to procure in Canada must be presented. Said communication ended as follows: "The sacrifices which your gallant countrymen made during the war and the difficulties which face your country today are fully appreciated by the Canadian Government. We share with other Allied Governments the earnest hope that ways and means will be found to ease the tremendous reconstruction problems which confront the Greek people."

4. On January 11, 1946, by his note No. 1283,† the Ambassador of Greece submitted to the Attention of the Secretary of State the list of Canadian products which the Hellenic Government intended to procure with the credit requested.

5. On January 16, 1946, by his letter No. 1,† the Secretary of State for External Affairs supplied the Ambassador of Greece with information as to the possibility of securing in Canada the products listed in the aforesaid letter of the Ambassador of Greece.

6. On January 22, 1946, the Ambassador of Greece had a long conversation on this same topic with the Deputy Minister of Finance, Dr. W. C. Clark, who promised to inform the Ambassador of Greece of the decision of the Canadian Government after entente with the Prime Minister and the Minister of Finance.

7. No further communication from the Canadian Government relative to the request of the Hellenic Government on this matter has been received until the present moment.

8. The Hellenic Government, sprung from the will of the people as expressed by the vote of March 31, 1946, has charged the Ambassador of Greece to express to the Canadian Government the hope that it would help in the great effort to reconstruct the country which the Hellenic Government assumed, by providing the possibility of securing, through a credit, those products existing and easily procurable on the Canadian market. As an indication, the Hellenic Government is particularly interested in the following products:

- a. Railroad material
- b. Raw materials for industry
- c. Machinery and spare parts for industrial installations
- d. Building material

1166.

W.L.M.K./Vol. 273

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

SECRET

Ottawa, May 10, 1946

I saw the Greek Ambassador yesterday about his Government's request for an export credit from Canada and gave him a very discouraging reply. I told him that the Government had recently been taking an inventory of the external financial commitments it had already made, and was seriously concerned about the strain which, in aggregate, they would put upon our productive capacity during the next year or two. At the present time, they would be very reluctant to consider any extension of these commitments, even within the limits already authorized under the Export Credits Act. If, in these circumstances, any further export credits were extended, they would have to be very closely related to the protection of established export markets for Canadian products and to the economic prospects of repayment in goods and services.

We fully recognized the economic plight of Greece and her need of external financial assistance during the years ahead, but we thought that, relatively, the scale of her needs was so great that plans for such assistance should be worked out under international auspices and preferably through the agency of the International Bank for Reconstruction and Development, to which Canada

was making a very substantial financial contribution to the capital funds necessary for its operation. There was a better chance of such a plan of international financial aid being related to an appropriate programme of internal economic reform than there would be in the case of bilateral financial arrangements.

The Ambassador found this advice rather hard to take and was very reluctant to resort to the International Bank for funds as an alternative to securing an export credit from Canada. We went over the argument two or three times and I promised finally that we would give him a formal statement of our position which he could transmit to his Government.

N. A. R[OBERTSON]

1167.

DEA/8393-B-40

*L'ambassadeur de Grèce au secrétaire d'État aux Affaires extérieures*

*Ambassador of Greece to Secretary of State for External Affairs*

No. 2171

Ottawa, September 25, 1946

Sir,

Mr. André Stratos, Greek Minister of Labour, presently at Montreal as head of the Hellenic Delegation to the International Labour Conference, requested me, in the name of the Hellenic Government, to communicate the following to the Canadian Government.

As known, the help given to Greece by UNRRA with regard to food supplies will stop on December 31st, 1946, thus again creating a most difficult situation for the Greek people.

In view of the decision already taken, in principle, by the Food Conference that approximately 500,000 tons of wheat will be allotted to Greece for her 1947 requirements, the Hellenic Government would deeply appreciate if the Canadian Government were so good as to examine whether a credit could be granted to Greece, so as to defray the expense incurred by the purchase, in Canada, of the above mentioned quantity of wheat.

The sympathetic understanding and the particularly friendly sentiments always manifested by Canada in all her relations with Greece give rise to the hope that the Hellenic Government's request, based on a most vital matter for the Greek people, will find a sympathetic response by the Canadian Government.

Accept etc.

C. M. SAKELLAROPOULO

1168.

DEA/8393-B-40

*Mémorandum de la direction économique au sous-secrétaire d'État associé  
aux Affaires extérieures*

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

[Ottawa,] September 28, 1946

Enclosed is a note from the Greek Ambassador, putting forward a singularly muzzy suggestion of the Greek Minister of Labour (now in Montreal at I.L.O.) concerning wheat and an export credit. They now suggest that Canada ship Greece 500,000 tons of wheat in 1947, and arrange a credit to defray the cost.

2. REGARDING WHEAT

The situation is as follows:

A. So far as we know, the F.A.O. Conference in Copenhagen did not consider detailed allocations.

B. Assuming that the Greek Ambassador is referring to the International Emergency Food Council, the situation is as follows: A Sub-Committee of the Cereals Committee of the I.E.F.C. has been screening requirements for the crop year 1946-47, but has not yet reported to the main Committee. Dr. Wilson (Wheat and Grain Division of T. and C.) states that 500,000 tons for Greece is about the figure he would expect, but there is no question yet of its having been adopted even "in principle".

C. Assuming that Greece is to get 500,000 tons of wheat, there is not the remotest possibility of the I.E.F.C. designating Canada as the source of supply for the whole amount.

D. Our programme of wheat exports is still on a month to month basis. Transportation and supply difficulties are acute, and we could not possibly undertake a large long-term commitment of the amount suggested.

3. REGARDING CREDIT

A. 500,000 tons of wheat, if available, would cost \$40,000,000 at Lakehead. Financially, as well as from the supply angle, the Greek request is preposterous.

B. In November, 1945, Greece requested an export credit of \$50,000,000. Although at one stage we considered that it might be politically expedient to grant a small token loan of \$2,000,000 in view of the United Kingdom credits advanced to Greece and the small United States loan of \$25,000,000, the request was entirely refused in May of this year. We felt a loan to Greece would be difficult to justify because of

(a) the political instability of Greece;

- (b) failure of successive governments to deal effectively with chaotic economic and financial conditions;
  - (c) the small volume of normal trade with Greece;
  - (d) the failure of Greece to repay the loan made by Canada in 1919;
  - (e) the fact that the assistance required by Greece is of such magnitude that it should be given on an international basis.
- The Greeks pressed their request most persistently.

4. Politically, it might be desirable at this time to offer some token encouragement to the Greek Government. It might be possible, for example, to give a small token credit to cover the small month to month shipments that can be squeezed out. It is not, however, clear whether there will, in effect, be any wheat shipments as T. and C. advises that for the next few months the U.K. contract will keep us so busy that they may have to cut out even token shipments.

5. However, this whole problem is bound up with the strategy which we propose to adopt on international relief problems. We are unlikely to know where we stand on this subject until after the U.N. Assembly meeting.

6. I assume I should notify Finance and T. and C. of the Greek request, with our comments, after I have had your instructions.

A. C. S[MITH]

**1169.**

DEA/8393-B-40

*L'ambassadeur de Grèce au secrétaire d'État aux Affaires extérieures*  
*Ambassador of Greece to Secretary of State for External Affairs*

No. 2188

Ottawa, September 30, 1946

Sir,

The imminent ending of the supply of foodstuffs by UNRRA will create an extremely difficult situation in Greece.

In order to face this situation, the Hellenic Government has just charged me to furnish them the following information with the least possible delay.

1. Could a purchase of 100,000 tons of wheat, destined to fill the immediate requirements of the country, be effected in the Canadian market and under what conditions?

2. Is the Canadian Government disposed to facilitate the payment of said quantity of wheat by making possible the utilization of a credit of \$4,000,000 placed by the Government of Great Britain at the disposition of UNRRA, in London, in favour of the Hellenic Government?

I should be greatly obliged if you were so good as to give me the above information at your earliest convenience and if possible directly through the proper channels.

Accept etc.

C. M. SAKELLAROPOULO

1170.

DEA/8393-B-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*

Ottawa, October 11, 1946

Dear Sir,

ATTENTION: MR. ARNOLD C. SMITH

I have for reply your letter of October 1st† in which you enclosed copy of the Greek Ambassador's note No. 2171 of September 25.

I note that the Greek Ambassador's request is for a loan on the assumption that 500,000 tons of wheat can be purchased in Canada for Greece in 1947.

You are quite correct in your understanding that the International Emergency Food Council has taken no action to set any wheat programme for Greece or any other country in 1947. Certainly our own supply situation is such that this quantity of wheat could not be contemplated at the present time from Canada. Undoubtedly, however, the Greek wheat requirements will have to be met in part, at least, with the possibility of some wheat shipments from Canada programmed on a monthly basis, as is our usual practice.

This does not provide, however, a basis for a loan application from Greece. On September 28 the Commercial Counsellor of the Greek Embassy approached our Wheat and Grain Division with a request for purchase of 100,000 tons of wheat by the Greek Government and the Commercial Counsellor indicated that the Greek Government were in a position to pay cash for this quantity of wheat. Subsequently, I have been advised by UNRRA that the Greek Government has turned over to UNRRA cash in the amount of \$4,000,000 or \$5,000,000 for the purchase of cereals and other supplies.

Preferably any wheat sold to Greece by Canada from here on would be a direct arrangement, other than through UNRRA. I think this can be accomplished at such time as we are able to offer any wheat, but certainly there

would be no occasion for the setting up of a loan in the face of these other indications that the Greek Government has some foreign exchange available for the purchase of cereals.<sup>1</sup>

Yours faithfully,

M. W. MACKENZIE

1171.

DEA/8393-A-40

*L'ambassadeur en Grèce au secrétaire d'État aux Affaires extérieures*

*Ambassador in Greece to Secretary of State for External Affairs*

DESPATCH 661

Athens, October 12, 1946

CONFIDENTIAL

Sir,

I have the honour to inform you that the Greek Government have advised me that they are instructing their Embassy in Ottawa to approach the Canadian Government with a view to signing a temporary agreement regarding the application of customs tariffs by the two countries, according to which the most favoured nation clause would be introduced on a reciprocal basis until such time as a Commercial Treaty may be negotiated.

2. In my telegram No. 115 of July 12th, 1946,† I reported to you that Mr. Stephanopoulos, the Minister of Coordination, had told me that the Greek Government was ready to commence discussions for a Commercial Treaty with Canada on the basis of the most favoured nation treatment. You asked me to wait until Mr. Monty had taken up his duties as Commercial Secretary at the Embassy. In the meantime, I wish to report that the Greek Government is interested in reaching, as soon as possible, a temporary agreement extending most favoured nation treatment on a reciprocal basis.

3. The latest démarche of the Greek Government arises out of an effort which I had made in September to assist a Greek importer who made representations to me about excessive duties charged by the Greek Government on imports from Canada. The importer in question, Mr. Madras, had brought from Canada a shipment of toothpaste on which he was charged a duty considerably in excess of the value of the article and several times that paid on similar products imported from the United States. I informed Mr. Madras that it was a matter which he would have to take up with his Government himself and he had no one but himself to blame for not calculating the duty before ordering the shipment. However, I undertook to bring his case before the Greek authorities on the grounds that the Greek Government had already asked for a most favoured nation treaty and might wish to reassure the Cana-

<sup>1</sup>Note marginale:

We might wish them to be able to purchase other equipment as well as food! I don't follow this point that having any cash precludes any loan. A. C. S[ΜΙΤΗ]

<sup>1</sup>Marginal note:

dian Government and those importing goods from Canada that there is no discrimination against Canadian imports as such on the part of the Greek Government. In reply, the Greek Government did assure me that there was no discrimination against Canadian products, but their tariffs were in force on the same scale for all countries with which Greece was not bound by a most favoured nation treaty. The Greek Government's Note Verbale then went on to inform me of the offer which it is proposed to make through their Embassy in Ottawa for a temporary agreement to exchange most favoured nation treatment.

4. In bringing this matter to your attention, I shall take no further steps until Mr. Monty arrives or until I have fresh instructions from you. It is quite clear from the example of the toothpaste deal that a large class of Canadian products are completely excluded from the Greek market by the present Greek tariff.

I have etc.

L. R. LAFLÈCHE

1172.

DEA/8393-B-40

*Le chargé d'affaires de Grèce au sous-secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires of Greece to Under-Secretary of State  
for External Affairs*

No. 2332

Ottawa, November 6, 1946

Sir,

I have the honour to refer to Ambassador C. M. Sakellaropoulo's note No. 2188, dated September 30th, 1946, concerning the request of the Greek Government to procure 100,000 tons of wheat in Canada to fill the immediate requirements of Greece.

In subsequent conversations I have had in your Department on the matter, my attention was drawn to previous commitments made by the Canadian Government to other countries and to the general unfavourable conditions now prevailing in the Canadian wheat market. Consequently, I was urged to advise my Government to investigate the possibilities of procuring the wheat needed in Greece from other sources.

I am now in receipt of new instructions from Athens directing me to again place before the Canadian Government the seriousness and urgency of the situation developing in Greece due to the failure of my Government in their efforts to secure the wheat necessary for maintaining the present rations of bread, which constitutes not only the staple food of the Greek people but also the principal source of calories in their daily diet.

I should, therefore, highly appreciate it if the appropriate departments of the Dominion Government would, in the light of latest returns on the Canadian 1946 crop, further examine our request with a view to meeting Greece's pressing needs in wheat to the fullest possible extent.

In this connection may I also point out that Greece has long been a customer of Canadian wheat, and though Greek imports from Canada fell off considerably after the 1920's, owing mainly to difficulties in our foreign exchange position, an average of 2,000,000 bushels of Canadian wheat grains was imported in the 1929-39 period, according to the Dominion Bureau of Statistics.

Accept etc.

A. LIATIS

1173.

DEA/8393-B-40

*Le secrétaire d'État aux Affaires extérieures au chargé d'affaires de Grèce*

*Secretary of State for External Affairs to Chargé d'Affaires of Greece*

No. 39

Ottawa, November 9, 1946

Sir,

I refer to your note No. 2188 of September 30th, 1946, to the letter of your Ambassador addressed on October 11th to the Canadian Prime Minister,† and to subsequent discussions which you have had with members of my Department concerning the possible purchase of 100,000 tons of Canadian wheat to meet the immediate requirements of your country.

As you know, our surplus exportable grain position is severely strained at this time by reason of heavy existing commitments and by the additional requests of an urgent nature which we have been receiving from so many countries, including your own. It is apparent that until our exact position is known, and this will not be until the detailed figures on grades and quantities of the 1946 crop are firm, we are unable to make estimates of future availabilities from which shipments to Greece might be possible.

There is the additional delaying factor that our wheat shipments are programmed on a monthly basis, and as of this date the shipping schedule is some 20,000,000 bushels in arrears. Every effort is being made to overtake this backlog, but until substantial progress has been made in this respect it is not possible for the Canadian Wheat Board to formulate export programmes for November and December, and at this stage it seems unlikely that even our existing obligations for those months will be met by the end of the year.

It can be seen, therefore, that circumstances make it impossible for me to hold out any hope of wheat being available for purchase by your Government during the remainder of this year and the supply of your overall requirement will, of course, be an impossibility even in 1947.

It is perhaps unnecessary for me to mention that the Canadian Government has indicated by its contributions to UNRRA and its support of the International Bank for Reconstruction and Development how desirous it is of assisting the economic recovery and rehabilitation of those countries which have suffered so severely from the war. The Prime Minister has himself requested that the needs of your country which you have represented to him be kept to the fore when it is possible to make future allocations of wheat. I can assure you that this will be done.

Accept etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

1174.

DEA/8393-A-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Grèce*

*Secretary of State for External Affairs to Ambassador in Greece*

DESPATCH 476

Ottawa, November 19, 1946

Sir,

I have the honour to refer to your despatch No. 661 of October 12th on the subject of the proposed most-favoured-nation trade agreement between Canada and Greece and to advise you that we should be prepared to negotiate such an agreement.

2. We should, however, wish the terms of the agreement to be limited to a period of one year in view of the International Conference on Trade and Employment which is convening early next year for the purpose of reducing tariff and trade restrictions on a multilateral basis.

3. We have not yet received any approach from the Greek Ambassador on this subject which you indicated would be forthcoming. You may, if you consider it advisable inform the Greek Government that we will be prepared to consider such an approach favourably. I am enclosing two copies of our pro forma trade agreement which we have recently amended in two of three minor respects.<sup>1</sup> We have changed the wording of paragraph 1 Article VI slightly. We have also deleted paragraph 3 of Article VI which provided that the provisions of the agreement are subject to the constitutional limitations on the authority of the Governments of the respective countries. Paragraph 1 of Article VIII with respect to the terms of the agreement has been withdrawn.

<sup>1</sup> Voir l'accord commercial entre le Canada et le Nicaragua dans Canada, *Recueil des traités*, 1946, N° 43.

<sup>1</sup> See Trade Agreement between Canada and Nicaragua in Canada, *Treaty Series*, 1946, No. 43.

The amendments I refer to are in the pro forma agreement which I forwarded to you under cover of my despatch No. 25 of February 1, 1946.†

4. Although I am forwarding to you these copies of the amended pro forma agreement, I do not intend that the negotiations of the agreement with Greece should take place in Athens, as I feel it would be preferable for such negotiations to take place here. In view of your advice that the Greek authorities are instructing the Greek Ambassador here to approach us on the matter, I presume that they have the same view.

I have etc.

SYDNEY D. PIERCE  
for the Secretary of State  
for External Affairs

PARTIE 10 / PART 10

ITALIE / ITALY

1175.

DEA/9676-40

*Le sous-secrétaire d'État associé aux Affaires extérieures  
à l'ambassadeur au Pérou*

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

PERSONAL AND CONFIDENTIAL

Ottawa, February 27, 1946

Dear Dr. Laureys,

I have your letter of February 15th† concerning the establishment of an Italian Mission in Ottawa. This office, which has been opened within the past few weeks, is not, properly speaking, a diplomatic mission. Count Carlo Fecia di Cossato, who is head of the office, has the personal rank of Consul-General, but his title in Canada is Representative of Italy and he will not be included on the diplomatic list amongst the other Consuls-General.

The acceptance of this mission in Ottawa arose out of the desire of the Italian Government to be represented here, and we have no immediate intention of establishing a Canadian office of similar character in Italy. It is probable that, after the conclusion of the Peace Treaty, the status of the Italian representation in Canada will be regularized, but even then the appointment of a Canadian representative in Italy will be delayed, because of the prior commitments which Canada has for the establishment of offices in other European countries.

Yours sincerely,

H. H. WRONG

1176.

DEA/8799-40

*Le représentant d'Italie au sous-secrétaire d'État aux Affaires extérieures*  
*Representative of Italy to Under-Secretary of State for External Affairs*

Ottawa, April 6, 1946

Dear Mr. Roberston,

Since my arrival in Ottawa and upon instructions received by my Government I have tried to do my utmost in order that trade between Canada and Italy could be fully re-established.

At present, however, Italy is not in a position to pay by her exports the goods that she might buy in Canada and substantial commercial relations cannot, therefore, be resumed unless a financial aid is temporarily granted to my country.

My Commercial Assistant has already got in touch with the Economic Section of your Department and with the Departments of Finance and Trade and Commerce in order that the possibility of such aid might be considered.

However, as I have unofficially informed Mr. Ilsley and Mr. MacKinnon, when I had the honour to pay them a visit, I think that a partial solution to this problem might be found. In the course of a conversation which took place last year in Washington between representatives of the Canadian and of the Italian Embassies in the United States a proposal was laid out namely, that the total amount of Allied Military lire issued in Italy for Canadian Troops pay be credited to Italy by the Government of Canada in order to enable my Government to begin purchase of commodities in this country.

I understand that the Department of Trade and Commerce is also very anxious to re-establish trade with Italy and that a decision upon the matter of the Allied Military lire might shortly take place.

I do not hesitate to ask for your aid which I consider of the utmost importance and that I hope will be granted by your usual and benevolent kindness.

As you know, the United States of America have already taken similar steps and I believe that the Government of Canada, who are second to none in their understanding and sympathetic attitude, would also take this equitable decision.

I might add that almost all the lire has been issued after the declaration of Italian co-belligerency with the Allies.

I know that you are aware of the economic situation in Italy and of the efforts of my Government towards reconstruction and rehabilitation.

The new democratic life of Italy has just begun but the result of the municipal elections which, partially, are still taking place, and the atmosphere of liberty and order by which they are surrounded give hope for a true and healthy democracy.

Such atmosphere, however, might be affected by the worsening of the economic and particularly of the food situation.

I am fully aware of the fact that the Allies are giving their best consideration to the Italian problems and I feel confident that I may count on the aid of your Department and of your person, Mr. Robertson, in order to obtain a favourable solution to this question, which, in its comparatively limited proportions, is however of the utmost importance for us.

It will result, I hope, in a happy start to revive trade between Canada and Italy, to the final advantage of both Countries.

Thanking you etc.

C. DI COSSATO

1177.

DEA/8799-40

*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*

Ottawa, April 13, 1946

I am in receipt of your letter of April 9,† which refers to previous correspondence between our departments on the subject of trade with Italy, and how it might be financed. Officials of this department recently had some informal discussions on the subject with the Commercial Assistant of the Representative of Italy in Canada.

During these talks the Italian Commercial Assistant enumerated a list of materials, principally raw or semi-manufactured, which his country was anxious to import through private channels from Canada. Most of these materials we are in a position to supply immediately or in the near future, and for some, we are about the only source of supply. One or two items consisted of manufactured goods, such as agricultural machinery, of which one Canadian company had \$400,000 worth earmarked for Italy for 1946, and in fact sold, if the deal can be financed. The majority of the items would perhaps constitute a continuing trade for the reasons above mentioned, but in dollar value they would not exceed our pre-war exports to Italy which had an approximate yearly average value taken on the basis of the five years immediately preceding 1940 of \$3,000,000. The items mentioned in the discussion were, as a matter of fact, similar to those which constituted the bulk of our pre-war exports to Italy.

On the other hand there is a considerable demand in Canada for Italian products. This question was also discussed informally with our Import Division, and we were of the opinion that Italian exporters could find fairly substantial markets in Canada, if prices were competitive.

Under the circumstances and taking into consideration present conditions, which to some degree have altered since the subject was first broached by my departmental officials, early in 1945, I feel that some practical action should be taken to re-institute at an early date at least token trade with Italy, or we may find that we have missed our opportunity in view of the fact that Italy is now prepared and in a position to undertake private trade with the United States.

Under date of March 13, I wrote Dr. Clark of Finance as per the attached copy,† to which as yet, I have not had a reply. You will note, I specifically stated, I did not feel we should go very far in pressing for a loan, but urged that some sum be made available to inaugurate and develop trade, perhaps, a sum, not greater than the average yearly value (\$3,000,000) of our pre-war exports. The amount might be made available from the Canadian Allied Military Lire Account which you mention at June 30, 1945, amounted to approximately \$13,000,000.

The department is receiving increasing numbers of enquiries from Italy and from Canada, as well as from many returned soldiers all anxious to develop trade between the two countries. Mr. J. P. Manion<sup>1</sup> is expected back in Ottawa within a few weeks and will undoubtedly have interesting facts to disclose, which will enable us to judge the long term possibilities. In the meantime the above outlines briefly the situation as we see it.

M. W. MACKENZIE

1178.

DEA/8799-40

*Le sous-ministre des Finances au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Finance to Under-Secretary of State for External Affairs*

Ottawa, April 24, 1946

Dear Mr. Robertson,

RE: FINANCIAL RELATIONS WITH ITALY

Your Department sent to us on April 9th a copy of a letter which you received from the official representative of Italy in Canada, in which he mentioned his efforts to re-establish trade between Canada and Italy, noted the need of Italy for some financial assistance in order to purchase in Canada, and specifically requested that Canada should pay Italy the equivalent of the Allied military lire obtained by the Canadian Army for the pay of Canadian troops. I have also noted Mr. Mackenzie's letter to me of March 13th,† copy of which you have seen, and his letter to me of April 13th. I have noted particularly that the Department of Trade and Commerce, while not prepared

<sup>1</sup> Représentant commercial en Italie.

<sup>1</sup> Commercial Representative in Italy.

to recommend a loan to Italy at the present time, does suggest that some dollars be paid to Italy in compensation for the portion of the lire obtained for our troops.

This Department does not feel at the present time that a loan should be made to Italy, at least until after the peace treaty with Italy has been arranged or the situation in regard to it clarified, and even then it is doubtful whether a loan would be justified if we are not also in a position to make a loan to Greece, which seems unlikely. This question of a loan has been discussed with Mr. Migone, of the office of the representative of Italy in Canada, and he recognizes the difficulties in Canada making a loan to Italy at the present time and is not endeavouring to press action of this kind.

In regard to payments for the lire, the situation is by no means clear or simple. My understanding of the situation is that Canada is under no legal obligation to pay for these lire. This has been confirmed to us by your own legal division. Consequently, the reasons for our making a payment must be moral, political or economic.

As regards our moral obligations, I find it hard to see that this particular claim of Italy's ranks ahead of many of the moral obligations which we might legitimately feel at this time to help the suffering people in Allied countries and elsewhere. Already we have contributed substantial amounts to the relief of Italy both in military relief, which we will not recover, and through UNRRA. If we should contribute more to relief purposes or rehabilitation purposes, surely it should be on a general basis rather than directed specifically toward Italy.

As regards any political or security reasons for making these payments to Italy, we must defer to the judgment of your Department and I am not sure how far you are prepared to recommend assistance to Italy on this ground. Presumably the western powers have some interest to see that Italy becomes an effective member of the western community and is not alienated by neglect and persuaded to join the countries in the Russian orbit. On the other hand, however, it seems almost certain that the United States is going to continue to aid Italy on a substantial scale and any little that we may add to this total seems hardly likely to affect the balance of political alignment. It might be different if we were being pressed by the United States and the United Kingdom to take this action jointly with them, but such is not the case. The United States paid Italy for these lire immediately before the last election in what was obviously a domestic political move. The United Kingdom has not paid Italy for them, and to the best of my knowledge does not intend to do so in view of the large amount involved and the difficult exchange situation of the United Kingdom.

As regards the economic reasons for making this payment to Italy, I am not yet convinced by the case put up by the Department of Trade and Commerce. It is true that we had some trade with Italy before the war and that Italy is now prevented from resuming its purchases here by reason of the shortage of dollars. On the other hand, our exporters do not suffer from any

shortage of markets at present, and I do not see that the prospects of trade with Italy are so encouraging as to justify our making a payment to them that we do not need to make otherwise. Certainly I do not believe that we can make this payment merely to provide a market for a few million dollars' worth of exports in the next year or two.

In the above arguments I have taken a somewhat skeptical line to indicate that I believe the issue is by no means a simple one. On the other hand, if your Department and the Department of Trade and Commerce would like to press the matter, perhaps we should have a meeting to consider what we should recommend to the Government. I would suggest that we arrange a meeting some day in the near future at a time convenient to us and to Mr. Mackenzie. Could you call me about this matter on the telephone so that we might arrange a mutually convenient time? In the meantime my Department is proceeding, along with the Department of Trade and Commerce, to do some further work on the economic aspects of the question, and it might be worth while if your Department could have ready an appreciation of some sort of the political and other general international considerations involved.

Yours very truly,

W. C. CLARK

1179.

CH/Vol. 2094

*Le chef, la direction économique, au deuxième secrétaire,  
le haut commissariat en Grande-Bretagne*

*Head, Economic Division, to Second Secretary, High Commission  
in Great Britain*

CONFIDENTIAL

Ottawa, July 3, 1946

Dear Mr. LePan,

I reply to your letter of June 25th† on the subject of the economic difficulties which face Italy in 1947.

You will see from despatch No. 1139† of today's date which replies to the Acting High Commissioner's despatch No. A.507 of June 25th† that there is no disposition on the part of either the Department of Finance or the Department of Trade and Commerce to extend export credits at this time. Italy's difficulties have been before us for some time and informal enquiries have been made to us by the Office of the Representative of Italy in Canada both on the subject of an export credit and the military lire account. The answer we have given them on the export account is that goods are not available and that we are already heavily committed. With respect to the military lire account, we had so far been unwilling to acknowledge that this was a legal indebtedness. We were adopting the United Kingdom position but I see from a recent press despatch that the United Kingdom has now made some arrangements

with Italy whereunder Italy is allowed credit on her military relief account with the United Kingdom for the United Kingdom military lire account. While this recognizes the indebtedness, it does not put Italy in funds nor improve her position. Neither does it make the United Kingdom position worse because she, like the United States and Canada, did not expect any payment from Italy on military relief. We asked you recently by telegram whether the press report was well founded.

I do not hold out much hope for some time on either of the two accounts. Trade and Commerce has been pressing for some time that we make some funds available for Italy because of the considerable Canadian interest in Italian trade but so far the efforts of the Department have been unavailing in the face of the resistance of the Department of Finance.

I would think that you could informally tell the Foreign Office that the prospects of Canadian assistance are not good at the present time and because we have already committed \$644,500,000 out of an amount of \$750,000,000 available for export credits. Further, the lack of goods in the near future makes it difficult to justify export credits at this time, since under the Act we are obliged to use export credits for trade promotion through the purchase of Canada-produced goods.

Yours sincerely,

SYDNEY D. PIERCE

1180.

DEA/8799-40

*Mémorandum du directeur, la direction économique, le ministère des Finances,  
au ministre des Finances*

*Memorandum from Director, Economic Division, Department of Finance,  
to Minister of Finance*

Ottawa, July 11, 1946

RE: ITALIAN LIRE SETTLEMENT

You may recall that we have discussed on a number of occasions the question of releasing to Italy some or all the Canadian dollar equivalent of the Italian lire obtained for the pay of Canadian troops in Italy. We have paid Allied countries for currency obtained for the payment of our troops in such countries, but we have not paid Italy because we started to obtain this currency following the capitulation of the Italian forces, and continued to get the lire without payment while Italy was fighting as a co-belligerent. The United States has turned over to Italy dollars equivalent to the lire received by American forces. The United Kingdom has not been willing to do so, but is apparently proposing to set this potential claim of Italy on the U.K. off against the claim which the U.K. has on Italy in respect of Military Relief supplied to Italy. We have never decided what should be done on the grounds

of policy, although the Department of Trade and Commerce and the Department of External Affairs have pressed from time to time for us to release at least a portion of the funds for use in enabling Italy to purchase supplies in Canada.

The funds are available in a special suspense account. The account has already been charged in our expenditures, but there has been a contra item set up as a liability in our accounts and the actual cash has not been disbursed. However, as I understand it, the release of these funds to Italy would not now increase our recorded expenditures, but instead would reduce the liability showing on our books.

Yesterday I met with officials of the Department of External Affairs and the Department of Trade and Commerce in an endeavour to come to some agreed view as to the proposal that should be placed before Council for consideration. It is recognized that this problem is in considerable part a political one on which the Ministers themselves will wish to exercise their own judgment, but it was felt that in putting the proposal forward, every effort should be made to clarify the issues so far as possible. Consequently the Department of External Affairs are now preparing a recommendation which they will probably put before the Prime Minister for his consideration, and if he is prepared to approve, it will go forward to Council as from the Secretary of State for External Affairs.

The proposal to be put forward is that we should agree now to release one-third of the total amount now held in suspense as a liability to Italy, i.e., about \$3.9 million out of about \$11.7 million in all. It is suggested that when the action is taken, it should be announced as a release to Italy of a portion of an amount owing to her in respect of currency placed at the disposal of Canadian troops, and indicating that the remainder of this amount is not being released pending a further clarification of the Italian financial situation. Reference might be made to the fact that the United States had taken action of this kind some time ago.

In substance, the principal possible objection to this action is that Italy will owe us a substantial amount in respect of Military Relief, and we could write off all of this lire claim against our claim on Military Relief, if we wished to be tough in the matter. The United Kingdom are proposing to do this, although in their case the amounts involved are very much larger proportionately than in ours, and they are much less able to afford settlement along the lines being suggested.

We discussed at some length the real reasons why we should take action of this kind. The important ones, I believe, are broad political considerations of foreign policy. Italy is destitute, desperate and wobbling now in her allegiance to the East or the West. She is going to require help from the U.S. and other countries next year as well as this year. We have already helped her through Military Relief and through UNRRA. We shall probably be called upon to help her to some degree in future when UNRRA is finished. This is one measure we

can take now to be of some immediate assistance in helping to get Italian industry revived by providing them with the funds necessary to buy raw materials here in Canada. There are some trade considerations involved as well. The Department of Trade and Commerce urged strongly that it is important for us to resume trade with Italy and develop trade with Italy on a small basis in the next year or two, in order that we may have some foothold in that market in future years, when we will be in need of export markets.

I do not believe that our policy in deferring or rejecting requests for export credits at the present time need lead us to reject or defer the release of these funds to Italy under a different heading. I think we can reasonably take the view that Italy has a claim in respect of these lire, and that on the whole we consider it reasonable and expedient to recognize this claim at present in view of all the circumstances, even though we ourselves may have some claims on Italy which will be difficult to collect.

R. B. BRYCE

1181.

CH/Vol. 2094

*Le deuxième secrétaire, le haut commissariat en Grande-Bretagne,  
au chef, la direction économique*

*Second Secretary, High Commission in Great Britain,  
to Head, Economic Division*

London, July 26, 1946

Dear Mr. Pierce,

I am obliged to you for your letter of 3rd July concerning the possibility of a Canadian Export Credit for Italy. I have communicated this information informally to the Foreign Office.

You will be interested to hear that since then I have learned from Mr. R. B. Stevens, Head of the Economic Relations Department of the Foreign Office that the United Kingdom would not feel embarrassed if the Canadian Government were to decide to make available to the Italian Government the Allied Military Lire used by Canadian troops in Italy. You will remember that, during my stay in Ottawa, when there was some discussion about this question, the opinion was expressed in some quarters that, if the Canadian Government were to follow this policy it might prove a source of embarrassment to the United Kingdom since the Allied Military Lire provided for United Kingdom Forces stands at a very large total, and, for that reason, it would be impossible for the Government here to follow suit and put to the credit of the Italian Government the amount of sterling exchange equivalent to the Allied Military Lire which had been supplied before the revision of the

Armistice. I took the liberty of enquiring from the Foreign Office whether, in fact, they would experience such embarrassment. Mr. Stevens said that he would like a few days to consider the matter. After reflection he let me know informally that, although it would not be proper for the Foreign Office to offer any advice on this question, their satisfaction at the help which such action would bring to the Italian economy would far outweigh any embarrassment which it might cause them. He told me that, in any case, the Italian Government realize that the United Kingdom is not in a position to offer financial assistance of this nature and have not attempted to press for it. Sir David Waley of the Treasury has confirmed this last piece of information.

I have sent a copy of this letter to Mr. Robertson.

Yours sincerely,

D. V. LEPAN

1182.

DEA/8799-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État par intérim aux Affaires extérieures*

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

[Ottawa,] August 21, 1946

I enclose, for your consideration, a draft memorandum to the Cabinet containing a proposal that we should make available to the Italian Government in Canadian dollars one-third of the sum of \$11,700,000, which represents the value of the military lire supplied to the Canadian forces in Italy. This proposal has been debated for a long time and we have had many discussions with the Italian Representative who is very anxious to know what to tell his Government. The memorandum has been prepared as a result of a series of consultations between officials of the Departments of Finance, Trade and Commerce and External Affairs and its terms have been concurred in by the three Departments on the official level. Those concerned all feel, however, that the decision is a political one and that any recommendation made to Cabinet should be in the name of the Ministers most directly concerned who are yourself and the Minister of Trade and Commerce. If you agree with the proposal, I should be glad if you would let me know so that I may give Mr. Baldwin additional copies of the memorandum for distribution to the Cabinet.

N. A. R[OBERTSON]

## [PIÈCE JOINTE/ENCLOSURE]

*Projet de mémorandum du secrétaire d'État par intérim  
aux Affaires extérieures au Cabinet**Draft Memorandum from Acting Secretary of State  
for External Affairs to Cabinet*

[Ottawa,] August 21, 1946

RELEASE TO THE ITALIAN GOVERNMENT OF PART OF  
THE CANADIAN ALLIED MILITARY LIRE ACCOUNT

## OUTLINE OF THE POSITION

The total value of the allied military lire supplied for the payment of Canadian troops in Italy is about \$11,700,000. This account represents a debt incurred by the Canadian forces in favour of the Italian Government. In international law, however, there is no binding obligation on the Canadian Government to redeem the debt, and the draft of the proposed peace treaty with Italy in fact provides that "The Italian Government will assume full responsibility for all allied military currency issued in Italy by the allied military authorities, including all such currency in circulation on the date of the coming into force of the present treaty." (Article 66, Para. (4)). The Canadian Government, moreover, has a claim upon the Government of Italy for civilian relief supplies furnished by the combined military authorities which may exceed the total of the military lire account and is probably not collectible. Any portion of the account made available to the Italian Government by us would therefore be in the nature of an *ex gratia* payment. The disposition of the account is thus governed by broad considerations of Canadian policy towards Italy and Canadian economic interests in the Mediterranean.

Considerations of both kinds suggest the desirability of releasing at least part of the account to finance Italian purchases in Canada.

## 1. POLITICAL CONSIDERATIONS

In the present critical economic difficulties besetting Italy and the unsettled state of Italian public opinion, any friendly gesture, no matter how small, would be productive of great goodwill and would have appreciable influence on the Italian attitude towards the western democracies. In this connection it is worth noting that both the United Kingdom and the United States have acknowledged their military lire indebtedness and each has made independent arrangements to credit the Italian Government. The United Kingdom government, for example, has offset the equivalent of lire obtained for British troops after the Armistice against its claim on Italy for military relief supplies.

## 2. ECONOMIC CONSIDERATIONS

Canada has a general interest in the maintenance of a healthy Italian economy. Any action taken now would be of immediate assistance to the

revival of Italian industry by supplying urgently needed raw materials, and would correspondingly lessen the need for help in the following years.

Canadian traders are anxious to re-establish their contacts with Italy, which offers the chief market for some products, such as cheap grades of canned fish, and to take advantage of new opportunities presented by the current disorganization of prewar channels of supply. Italian imports of forest products, for example, came from areas of southeastern Europe which are not yet ready to resume their position as suppliers.

### 3. RECOMMENDATIONS

The Acting Secretary of State for External Affairs, with the concurrence of the Minister of Trade and Commerce, accordingly recommends that of the sum of \$11,700,000 standing in the allied military lire suspense account, one-third, or \$3,900,000, be made available to finance Italian purchases in Canada, the remainder of the account to be held pending further clarification of the Italian financial situation. Attached is a draft submission to Council authorising the release of the funds in writing.<sup>1</sup>

1183.

DEA/8799-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

[Ottawa,] September 11, 1946

#### FINANCING OF TRADE WITH ITALY

At the meeting of the Cabinet on September 11th, the Acting Minister of Finance raised again the question of the release of certain funds for the re-establishment of Canadian trade with Italy.

The Cabinet, after discussion, agreed that an amount equal to one-third of the debt incurred on behalf of the Canadian troops in Italy (or \$3,900,000) be made available to finance Italian purchases in Canada, the remainder standing in the military lire suspense account to be held pending further clarification of the Italian financial situation and that an Order in Council be passed accordingly for release of funds.

N. A. R[OBERTSON]

<sup>1</sup> Voir le Décret du Conseil P.C. 3941 du 19 septembre 1946.

<sup>1</sup> See Order in Council P.C. 3941 of September 19, 1946.

1184.

CH/Vol. 2118

*L'ambassadeur en France au haut commissaire en Grande-Bretagne*  
*Ambassador in France to High Commissioner in Great Britain*

TELEGRAM 128

Paris, October 16, 1946

SECRET. Following for LePan from Rae. Reference our telephone conversation this morning following is repetition of External tel. No. 536 CADEL No. 54, re Treaty with Italy, Begins: Representative of Italy in Canada has advised that in accordance with Italian decree laws all Bearer Shares and securities held in Canada of Italian Companies should be presented for registration in the name of their holder before December 31, 1946, and has proposed to inform Canadian citizens of this procedure by present release. We are advised that non-compliance would result in unregistered shares being declared null and void.

Custodian feels that to recognize the right of the Italian Government to issue this notice and to apply the penalty of nullifying the securities should the procedure not be complied with would weaken his general position with regard to retention of Italian assets.

Many of the shares and securities in question are held by the Canadian Custodian and it is envisaged that they would not be exempted from application of the Decree Law. In this connection all Allied Governments have agreed that securities under Canadian Custodian control should not be subject to their registration requirements until these securities have been released to the beneficial owners in accordance with release agreements.

For these reasons the Custodian is of the opinion that it would be inappropriate for the Italian Government to publish such a notice in Canada pending the Peace settlement. Our present information is that the notice has been published in the United States with the concurrence of the State Department and that similar practice will in all probability be followed in the United Kingdom.

If the Peace Treaty adequately protects the position of Canadian holders of Italian securities and provided that the Italian Government will specifically exempt from the requirements of the Registration Law those securities under his control the Custodian has agreed to raise no further objection to the publication of the Registration Notice.

It would be helpful if you would advise whether it is your opinion that many holders of Italian securities would be protected in this regard under the Draft Peace Treaty and it would be of interest to have the views of the appropriate United Kingdom and United States officials in Paris on this question. EXTERNAL. ENDS.

2. I shall try to get what information I can here although most of the delegations are breaking up. Anything that you can gather in London should I think be sent straight to the Department. ENDS.

PARTIE 11 / PART 11  
AMÉRIQUE LATINE (VENTES D'ARMES)  
LATIN AMERICA (SALE OF ARMS)

1185.

W.L.M.K./Vol. 411

*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-1093

Ottawa, April 18, 1946

SECRET. The Mexicans are prepared to buy from War Assets ten to twelve demilitarized frigates and have asked us if it would be possible for them subsequently to buy from us guns and other naval equipment.

Up to the present we have refused similar requests from Latin American countries on the grounds that we do not propose to engage in this traffic until the United Nations has had an opportunity to explore the possibility of regulating the trade by international agreement. (Before we took this stand we had asked you to enquire as to the policy adopted by the State Department.)

We are undecided whether we should hold this line or whether we would be justified in making an exception in the case of Mexico. Our decision might be influenced by the attitude that the State Department would adopt toward shipment of arms to Mexico. Would you, therefore, please obtain the State Department's views? Since we are not anxious to disclose the specific enquiry we have from Mexico, it would be best if you could sound out the State Department on the general question of shipment of arms to Latin American countries and in the course of discussion learn how they feel specifically about Mexico.

1186.

W.L.M.K./Vol. 307

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

TOP SECRET

[Ottawa,] April 30, 1946

SALE OF ARMAMENTS (INCLUDING AMMUNITION AND  
IMPLEMENTS OF WAR) TO FOREIGN GOVERNMENTS

Under existing legislation the export of arms from Canada is forbidden except under permit. (See Appendix) †.

Since the end of hostilities exports to foreign governments have been limited to cases where provision had been made under Mutual Aid (the United

Kingdom and China). Arms, surplus to Canadian military requirements and located in The Netherlands and the United Kingdom, have been sold to The Netherlands.

It was hoped that Canada could refrain from engaging in the arms traffic until the Security Council had an opportunity of considering the regulation of the traffic by international agreement. We have accordingly refused to sell armaments for demilitarized Canadian vessels purchased by Chile and the Dominican Republic. This policy conformed to that of the United States Government which has refused similar requests from Chile, the Dominican Republic and Venezuela.

Now, however, the Mexican Government is negotiating for the purchase from War Assets Corporation of up to twelve demilitarized Canadian frigates and it is probable that they will seek to obtain armaments for the ships from Canada.

The Canadian Embassy in Washington learns that while the United States still refuses to sell to most Latin American countries they are willing to grant export permits for arms to Mexico and Brazil. It is accordingly advisable to determine what the Canadian reply should be to the probable request from the Mexican authorities and to possible requests from others.

There appear to be three possible courses of action:

(1) We can continue our present policy and refuse to sell arms to all countries, save those such as the United Kingdom and the United States with whom we have exceptionally close political relationship and a clearly established community of defence interest.

(2) We can parallel the present policy of the United States and permit sales to some additional countries, such as Brazil and Mexico, and refuse to sell to others.

(3) We can sell freely to all countries.

There appears little difficulty in continuing the first course. The second course would lay us open to charges of discrimination from the countries we have already refused and from those which we shall have to refuse. It would put us in the position of paralleling the arms policy of the United States while our political interest in Latin America is neither as great as nor identical with that of the United States. If we adopt the third course we might invite strong protests from the United States Government.

I think the weight of the argument is in favour of maintaining the present policy, and is reinforced by the facts (1) that we could count on a good deal of United States diplomatic opposition if the equipment we were trying to sell was of United Kingdom type and standard, and (2) that it would be a pretty unprofitable business selling United States type and standard equipment in competition with prices comparable to those which the United States Army has offered to the Canadian Army in the recently approved equipment deal.

N. A. R[OBERTSON]

**1187.**

DEA/11044-BU-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-2072

Washington, May 16, 1946

SECRET. Following for S.D. Pierce from Scott, Begins: Exton, in Munitions Control Division of State Department, furnished me with the following information for what it is worth.

One, Colonel Charles A. MacLaughlin of Ciudad Trujillo, Dominican Republic, who describes himself as an arms expert for the Government of that country, is reported to be in Canada at the present time attempting to negotiate for another corvette and a supply of military aircraft. Exton pointed out that the Dominican Republic has already acquired a corvette from Canada through negotiations carried out by New York middlemen, which corvette it is claimed was employed to carry the rifles and ammunition from Brazil referred to in our WA-1613 of April 12th.†

Exton hastened to assure me that the State Department naturally had no objection to the Dominican Republic acquiring corvettes from Canada but they were not too happy about the use to which the first corvette was put, namely, the carrying of arms from Brazil. For obvious reasons, I offered no comment on this point, as I failed to see myself how we could conceivably be held responsible for such a development.

Exton claims that the aircraft which the United States released for export to the Dominican Republic has been limited as to what he describes as "innocuous" types. On asking him what was the nature of the State Department's apprehension over the end use of military aircraft and/or ammunition, he was not too specific but he did express the view that possibly it was intended to use such equipment against Haiti. Again I expressed no comment.

Exton further informed me that Colonel MacLaughlin is recognized in the State Department as an American soldier of fortune, formerly a Marine private, and whose ascendancy to the rank of Colonel was probably of his own making, and in general he is not considered an estimable character. Ends.

**1188.**

DEA/11044-BU-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-2355

Washington, June 6, 1946

SECRET. Referring to Scott's WA-2332 of June 4th† on the subject of arms for the Dominican Republic, which was in sequence to his previous WA-2072 of May 16th to Pierce on the same problem, a message has now been received from Exton in the Munitions Control Division of the State Department report-

ing the latter's understanding that authorities representing the Dominican Government are presently en route to Halifax to purchase a demilitarized frigate. Exton understands, moreover, that the original Canadian corvette, formerly known as *Lachute*, and now the *Colon*, purchased through New York Middlemen, is also on its way to Halifax with a crew to man the frigate in question.

Exton again reiterated that the State Department obviously cannot object to these negotiations, but he would appreciate very much being kept informed of developments.

The foregoing would seem to imply that the State Department is aware of the activities of Captain Hernandez and Mr. Vega, referred to in Scott's teletype of June 4th to Pierce, and it would, therefore, be appreciated if you could provide us as soon as possible with any information you may have concerning these negotiations and also in regard to our policy as asked for in Scott's WA-2332.

1189.

DEA/11044-BU-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-1490

Ottawa, June 7, 1946

TOP SECRET. Following for Scott from Wrong, Begins: Your WA-2332 of June 4th,† arms for the Dominican Republic.

In view of the numerous requests for arms and ammunition from Canada we have asked for and received Cabinet guidance in the matter.

The general purport of the Cabinet decision is as follows:

The export of arms is to remain under licence as laid down by P.C. 1838 of July 30th, 1937, and P.C. 2488 of April 18th, 1941. New requests will be screened by the officials concerned and those which it is felt not advisable to meet will be given a negative reply at the official level. Requests about which there is any doubt or those which the officials concerned consider should be met, will be brought before Cabinet for decision on their individual merits.

Regarding the arms which the Dominican Republic wishes to buy for its newly-acquired Canadian corvette, my feeling would be that if the United States attitude towards the sale of arms to the Dominican Republic remains unfavourable, the request should be discouraged. I am inclined, therefore, to recommend that the request be refused but it might be well for you to have a word with the Department of State before we take further action here.

I do not see what the British Naval Attaché has to do with the matter in any case and you should, I think, suggest that he disinterest himself in the proposal. Unless we decide to grant the request there will be no purpose in bringing the Canadian Naval Attaché into the picture. Ends.

1976

RELATIONS AVEC DIVERS PAYS

1190.

DEA/11044-BU-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-2417

Washington, June 12, 1946

SECRET. Your EX-1504 of June 12th,† arms for the Dominican Republic.

In accordance with Wrong's EX-1490 of June 7th to Scott, the latter interviewed Exton of the Munitions Control Division of the State Department yesterday and was informed that as far as United States current policy is concerned, in no circumstances would arms or ammunition be released to the Dominican Republic.

Scott suggested that it might be helpful if Exton would let him have a letter confirming the United States view on the question of arms for the Dominican Republic, at the same time providing some of the background which has led to the adoption of this attitude, namely the fear of an outbreak of hostilities between the Dominican Republic and Haiti. It was, therefore, our hope that Exton's promised letter could be transmitted to you by teletype today or tomorrow, but as it has not so far been received, the foregoing account of his discussion with Scott is all that we have to go on, but when and if Exton's letter is received it will at once be transmitted to you by teletype.

As regards the Dominicans not being prepared to complete the purchase referred to in your EX-1504 unless the armament is available, so far they have not established any direct contact with this Embassy and it is assumed that, in the circumstances, you would not wish us to take the initiative by getting in touch with either Captain Hernandez or Mr. Vega.

Meanwhile, in accordance with your EX-1490 it has already been suggested to the United Kingdom Embassy that their Naval Attaché disinterest himself in the proposal and if pressed further by the Dominicans refer them to us.

1191.

DEA/11044-BU-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-1522

Ottawa, June 14, 1946

SECRET. Your WA-2417 of June 12th, arms for the Dominican Republic.

War Assets informs me that the sale of the frigate has actually been completed and that the Dominican officials are coming up for the purpose of taking delivery. The ship is now completely demilitarized.

I quite agree that you should not take the initiative in getting into touch with Hernandez or Vega.

1192.

DEA/11044-BU-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-2464

Washington, June 14, 1946

SECRET. Regarding my WA-2417 on arms for the Dominican Republic. Exton's promised letter to Scott has now been received and reads as follows: "My dear Mr. Scott:

In the course of our conversation on June 10th, 1946, we discussed the attitude or policy of the Department in connection with certain specific cases of shipments of arms, or requests for arms, or products which may be used as ingredients for ammunition. From the cases discussed an attempt was made to formulate general principles which might be applicable in similar cases.

You will recall that in reply to your specific question as to this Government's policy regarding the shipment of arms, ammunition and implements of war to the Dominican Republic, I pointed out that requests had been received from the Dominicans for a considerable quantity of rifles and ammunition, and that the request had been rejected. I added that it is the firm policy of the Government to refuse any similar requests which might be made and that the British Government had been informed of the Department's views, and had likewise rejected a request for some ammunition. Later the Dominican Government had purchased rifles, ammunition and probably other arms from Brazil which had been carried to Ciudad Trujillo in the former Canadian corvette *Lachute*, now renamed *Colon*. As pointed out to you at the time of the sale of the *Lachute* the Department perceived no objection to a transaction involving the sale of a demilitarized vessel of this type, although it was considered unfortunate that the ship should have been used for such a purpose. Should the Dominican Government now request the export of a similar vessel by this Government it is doubtful if such a request would be entertained.

You then brought up the question of a request from Argentina for the purchase of magnesium for use in flares to be manufactured for the Argentine army. You indicated that when this request was presented you hesitated to grant it knowing that this Government is not in favour of supplying arms to Argentina. However, upon consulting the comprehensive export schedule you had found that magnesium could now be exported from this country to Argentina under general license and that Canada could, therefore, approve the Argentine application without violating the spirit of the United States policy regarding the exportation of arms. In this connection I pointed out that magnesium had many industrial uses and that it would be difficult to separate those of a commercial nature from military applications. It was probably for this reason that magnesium had been placed under general license to Argentina. I then cited the case of centralyte, a product which is used as a plasticizer and stabilizer in the manufacture of smokeless, and,

particularly, rocket powders. I informed you that the Department is considering requesting its inclusion on the Positive Export Control List, with particular reference to Spanish and Argentine requests. This could be done without affecting commercial interests as practically the only use for the product is as indicated above and the only producers at present outside of Argentina itself are the United States and Great Britain. This matter has likewise been discussed with the British, who have been informed of the Department's views. I pointed out that with respect to the exportation of airplanes to Argentina the Department will permit the sale of a limited number of commercial aircraft, personal planes, and primary and basic trainers. All other articles defined as arms, ammunition and implements of war will not be permitted to be exported to Argentina.

I further informed you of the reports the Department had received regarding the situation in Haiti and that the Department would not permit the exportation of the corvette or frigate for which it was rumored negotiations are being undertaken by the Haitian Consul at Miami in the interest of former President Lescot.

Sincerely yours,

FREDERICK EXTON  
Munitions Division"

It will be noted that Exton has commented on United States policy vis-à-vis Argentina as well as the Dominican Republic. This arose through Scott's pointing out informally to Exton that we had encountered difficulties from time to time in trying to interpret their policy in regard to Argentina, and that it was therefore important that we be kept fully informed as possible in order to avoid criticism from Canadian exporting interests who might claim that American shippers were being given an unfair advantage through being allowed to undertake business barred to Canadian exporters.

1193.

DEA/50000-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-1542

Ottawa, June 17, 1946

TOP SECRET. Following for Scott from Pierce, Begins: Re-arming of Canadian frigate bought by Uruguayan Government.

The following comes to us from the British Ambassador in Uruguay via the Canadian Ambassador in Buenos Aires. The Uruguayan Government, which recently negotiated through the Uruguayan Naval Attaché in Washington the purchase of a Canadian frigate, is most anxious that the original artillery and radar equipment should be transferred with the vessel. It is suggested that these items should be re-installed.

Before giving consideration to this request, we are anxious to know what the attitude of the State Department is towards the furnishing of arms to Uruguay. Please try to find out what the State Department policy in this matter would be. We are not committed in any way to giving favourable consideration to the Uruguayan request, and your enquiries should therefore be made on the most general basis.

1194.

DEA/50000-D-40

*Projet de télégramme du secrétaire d'État aux Affaires extérieures  
à l'ambassadeur aux États-Unis<sup>1</sup>*

*Draft Telegram from Secretary of State for External Affairs  
to Ambassador in United States<sup>1</sup>*

TELEGRAM

Ottawa, June 27, 1946

SECRET. Your WA-2592 of June 25.†

1. It is our feeling that an attempt should be made to reach an informal understanding with the State Department under which the two countries would adopt parallel policies with respect to the export of arms to Latin America. The fluctuations of United States policy and the reticence of the State Department continue to create difficulties for us. We should welcome your views on the advisability of proposing to the State Department an understanding along the following lines:

(a) The two countries would agree that neither would export arms, ammunition and implements of war to the Argentine Republic. Should circumstances arise which result in either country abandoning this policy, it would give ample warning of the change to the other.

(b) There would be consultation between the two countries with respect to the export of arms, ammunition and implements of war to other Latin American countries with the object of endeavouring to concert policies.

(c) The two countries would agree that it is impracticable to control the sale or ultimate destination of common purpose stores which can be used for both warlike and peacetime purposes.

2. With regard to (c) above, we could explain the circumstances in the sale of Catalina flying boats which have embarrassed us. They are regarded as largely obsolete for military purposes although obviously they can be put to military use. The Canadian authorities did endeavour to ascertain the final destination of those sold by War Assets Corporation and, so far as could be judged, they were consigned to private hands. It could then be remarked to the State Department that the United States, in its turn, had had this same difficulty over the disposition of Pratt and Whitney engines for installation in the Sunderlands which were made available to Argentina by the United Kingdom. It could be further pointed out that it is most awkward to explain

<sup>1</sup>Ce télégramme fut expédié le 4 juillet.

<sup>1</sup>This telegram was sent on July 4.

to Canadians and Argentinians why Canada is unwilling to sell Catalinas when similar craft, Sunderlands, are available from the United Kingdom and engines for them from the United States. It would be extremely difficult for Canada to check with the United States and even more difficult for the United States to check with Canada on borderline cases, and it appears that more harm than good would result from an attempt to coordinate actions. The complexities of consultation on sales under consideration by the war surplus disposal agencies of the two countries, and the extreme difficulty of determining into whose hands the goods will ultimately pass, indicate that the problem would defeat the best efforts and intentions of both countries.

3. It would be important to make clear that the exchange of information and consultation referred to in paragraph 1(a) and (b) above is intended to work in both directions. To our knowledge, the United States has not consulted us in any instance involving a specific sale and, indeed, has failed even to advise us of major changes in United States policy.

4. We should be glad to receive your views.

1195.

DEA/50000-D-40

*Mémorandum du chef, la direction économique,  
à la troisième direction politique*

*Memorandum from Head, Economic Division, to Third Political Division*

TOP SECRET

Ottawa, July 13, 1946

CONCERTING OF CANADIAN AND UNITED STATES POLICIES  
ON THE EXPORT OF ARMS TO LATIN AMERICA

Harry Scott has replied to our teletype of July 4th† (attached WA-2722)†.

He argues that the Inter-American Military Co-operation Act, which will probably become law by the autumn, would make impracticable the method of consultation that we proposed.

In my view, we can only reply that the United States cannot expect to have it both ways. If they are going to launch a series of special agreements with Latin American countries, they should not expect us to consult them on every sale we make.

I should be glad to have your comments so that we can prepare an answer to Scott's teletype.<sup>1</sup>

S. D. P[IERCE]

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

I think our best line is to inquire as to the probable application of the new act to export controls on munitions. We would then refer to our interest in continued co-operation if based on good exchange of information. We could point out the possibility of countries that were slow in getting U.S. benefits trying to use us as counter-balance and the corresponding need for consultation

F. H. S[OWARD]

1196.

DEA/50000-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 877

Ottawa, July 18, 1946

TOP SECRET

Sir,

I refer to my teletype EX-1692 of July 4th† and your reply WA-2722 of July 5th† on the subject of export of arms to Latin America.

I do not see that it necessarily follows that, because the Inter-American Military Co-operation Act is now before Congress, this is an inappropriate time to discuss the question of the export of arms with the State Department. It might be inappropriate to attempt to reach an agreement on a definite export policy, but this was not the purpose of our suggestions. What we sought was to clarify the present arrangements. These arrangements are vague, but because of them we hesitate to make any shipments to Latin America without consulting the State Department. The State Department seems to expect us to parallel their policy, although they do not keep us informed of it nor consult us about it.

What we envisaged was an informal conversation with the State Department in which we laid our suggestions before them. Whatever the fate of the Act, it seems to us that the procedure we outlined was workable. Our object, in short, is either to clarify the present arrangements or to abandon them.

The first suggestion, dealing with Argentina, leaves ample scope for adjustment to any changes that might follow the adoption of the Inter-American Military Co-operation Act. The second suggestion, dealing with exports to Latin American countries other than Argentina, proposes that there be consultation. We did not have in mind that either of us would be bound to adopt parallel courses. The United States could enter into any arrangements she wished without our consent. We think consultation is in the interest of the United States because it is quite probable that Latin American countries who thought that they were not getting arms from the United States as quickly as they wished might seek them in Canada. This raises the question of the probable application of the new Act to export control. Would it be likely that all exports of arms to certain countries would be permitted or would export permits be issued against a specific programme? If the latter is the case, we might wish to reserve the freedom to export arms from Canada. There is the possibility that the United States will establish a specific programme, say, for Venezuela. The question would arise as to what part we might play in that

programme. On the one hand the United States might be anxious that American weapons were supplied. On the other hand the recipient country might not wish to be too dependent on one source and might seek weapons from Canada.

The third suggestion was that we should agree that it was impracticable to control the sale of common purpose stores. Whether or not you think that the first two suggestions should be put forward, surely there is no objection to advancing the third. Indeed, if agreement cannot be reached I should think we should be well advised to declare to the United States that it is not our intention to consult with them over the export of these stores for the reasons we advanced in our teletype.

If we have not understood the significance of your teletype and of the Act, I should appreciate it if you would explain in more detail your reasons for considering that discussions are inappropriate.

I have etc.

H. H. WRONG  
for the Secretary of State  
for External Affairs

1197.

DEA/50000-D-40

*Le conseiller, l'ambassade aux États-Unis, au chef, la direction économique*  
*Counsellor, Embassy in United States, to Head, Economic Division*

SECRET AND PERSONAL

Washington, July 22, 1946

My dear Sid [Pierce],

I have just had a talk with Hadow of the British Embassy about the Argentine situation. Hadow has the same impression which we have had for the last eighteen months that we are all generally being given the run-around by the United States State Department in this business. Until today I have had very little talk with the British Embassy—in fact, practically no contact at all. I don't know whether you know Hadow very well or not, but generally speaking he is a sort of wild man with not very sound judgment. In this business, however, I think he is right. I find that he has exactly the same complaints as we have that one simply can't get a definite answer. The reasons for this are obvious. There are really three policies in the United States in respect of exports to the Argentine—one in the War Department, one in Mr. Braden's office, and one held by the commercial and financial interests in New York who want to do business down there. These latter can achieve their ends in two ways—first by exerting pressure on the people who control exports to the Argentine, and second, by trans-shipment through Brazil or other Latin

American countries, as they did in the case of a recent shipment from Brazil of a lot of American rifles.

Insofar as the direct export of arms is concerned this, of course, is of much more interest to the United Kingdom than it is to us—particularly in the case of naval supplies. Hadow believes that the United States is doing a lot of forward selling and he is nervous that he will wake up some morning and find the policy of the United States changed, of which change he will be notified 24 hours after the contracts have been signed for arms and ammunition.

I am at a loss to know just how to advise you. My inclination in the case of such things as military trucks, corvettes and frigates is to strip their arms off them and sell them as commercial trucks and vessels. I don't really think much of the value of any investigation that we might make in the Argentine as to the end use because if a dictator needs something to remain in power he is certainly going to take it and its end use is obvious.

Within the War Department itself there is certainly a split in policy, although I think that the article in the *New Republic* the other day was very much exaggerated as I am sure that General Eisenhower has rather more control than is suggested or than was suggested in a despatch from London, copy of which came to us the other day, on General von der Becke's visit. There certainly seems to be, however, a pretty strong group who place hemispheric defence above all other considerations, who are out to equip and organize Latin American armies according to the North American pattern, and who are very impatient with the Chief of Staff of the army for his willingness to accept political guidance from the State Department, based on other considerations, in respect of one of the potentially strongest military powers in South America.

This letter does not get us much forwarder but I thought I had better put down these few thoughts for you, which had better not go on the record.

Yours ever,

THOMAS A. STONE

1198.

DEA/50000-D-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*

TELEGRAM WA-2947

Washington, July 25, 1946

SECRET. Following for Pierce from Stone, Begins: This will confirm my telephone call reporting that the State Department could see no objection

to the sale of corvettes to the Argentine. They had called me down (Spaeth and Mann of Braden's office) to tell me that they had a report to the effect that corvettes were not, repeat not, suitable for any kind of commercial work, principally because certain features of their construction made it impossible to stow cargo and trim ship properly. In addition, it was reported to the State Department that the draught of a corvette was too deep for work on the River Plate.

Your very helpful information, which you gave me by telephone today, enabled me to satisfy them that we had gone into the matter rather more thoroughly than their people had and I was able to convince them that the corvette was an out-moded naval vessel, that the cost of re-arming one after we had de-militarized it would be prohibitive, especially since re-armed it would still be out-moded and perhaps more so, and that the corvette could be used commercially. I said that I was not prepared to take an oath, nor did I think that they were in a position to take an oath, as to the end use of any equipment of any kind that might be sold to the Argentine. (Incidentally, the Naval Attaché told me the other day that he understood that in the conversion of corvettes to commercial use, the practice now is to take out one boiler which would reduce their speed to an economic speed and make it completely impracticable to reconvert them for naval purposes. I told the State Department this but I gave them, of course, no understanding that one boiler would be removed by us before sale.)

On the general question of dual purpose equipment, now known as "Grey Zone" equipment, I suggested to the State Department along the lines of the last but one paragraph of your despatch No. 877 of July 18th, that we should not bother them about shipments to the Argentine as long as we were satisfied that we had reasonable guarantees that the equipment was to be used for commercial purposes. I added that we had been securing, and would continue to secure, such guarantees in the same way that they themselves secured them and that it would take a guarantee of approximately the same nature to satisfy them. I also added that we could not, of course, be held responsible for any Canadian equipment of an undesirable nature or otherwise which might reach the Argentine through middlemen in the United States to whom it might be sold by our War Assets Corporation. I said that we felt that once a corvette or a Catalina, or whatever it might be, came into the hands of a United States corporation or company, it became the business of the United States authorities to see that such equipment was not sold to undesirable purchasers.

The above arrangement would seem to answer one of the points raised in your despatch under reference above. I shall comment later by despatch on the other points. Ends.

1199.

DEA/5979-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-2163

Ottawa, September 12, 1946

SECRET. Canadian firm has applied for export permit covering 14 Canso (PBY-5A) Amphibian aircraft to be purchased by Argentine Naval Commission, Buenos Aires.

Under the present understanding which you have reached with the State Department we would feel free to export these aircraft to a commercial purchaser since the planes are regarded as obsolete for combat use and susceptible of being put to non-military use. However, as the purchaser is the Argentine Naval Commission, we think it best to afford you the opportunity of considering whether we should consult the State Department on this specific export. If you think we should, it would be appreciated if you could do so quickly and telegraph us their reaction.

We feel that since similar planes, Sunderlands, have been furnished by the United Kingdom, a refusal to issue the permit for the Cansos would penalize the Canadian exporter to the advantage of exporters of other countries and would do no more than inconvenience Argentina, since this type of aircraft can be obtained elsewhere.

1200.

DEA/50000-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 2125

Washington, November 5, 1946

Sir,

I have the honour to refer to our several exchanges of views in the past few months with regard to the sale of surplus aircraft to Latin American countries, notably Argentina, and the discussions which have taken place with the State Department on this subject.

2. The general question of Canadian co-operation with the United States in the disposal of surplus aircraft, corvettes, and other types of naval vessels was discussed in the State Department at a top level by Mr. Stone in July last, when general agreement was reached that as long as we had reasonable guarantees that the equipment in question, whether naval or aircraft, was to be used for commercial purposes it would not be necessary for either government to consult the other. Moreover, Mr. Stone made it clear in these discussions, as reported in our WA-2947 of July 25th, that we could not be held

responsible for Canadian equipment of an undesirable nature which might reach such destinations as the Argentine through middlemen in the United States, to whom it might be sold in good faith by our War Assets Corporation.

3. Since these discussions took place in July, apart from two queries raised by the State Department regarding the reported sale, through United States middlemen, of Catalina aircraft and mine sweepers to Argentina, no curiosity has been shown by the State Department regarding the shipment of Canadian materials to Latin America and, in the two cases under reference, their apprehension was completely removed by the explanations you provided.

4. Just recently, however, the Commercial Counsellor was invited to call on the Munitions Control Division of the State Department when he was provided, on a quite informal basis, with the attached documents,† which are intended to outline the latest American conception of their policy regarding the export of aircraft. It will be seen from the enclosed documents that the basic policy of the State Department is to permit only the export of aircraft originally designed for commercial purposes but subsequently re-designed for military duty. Provision is made, nevertheless, for exceptions to this rule.

5. In the course of Mr. Scott's informal discussions with the State Department, it was emphasized that the State Department was merely providing this Embassy with their policy as a matter of information, and in no sense was it suggested that we should adopt a similar policy. At this point in the discussion, the opportunity was taken to refer to the general agreement previously reached by Mr. Stone at a higher level, and also to make the observation that to all intents and purposes our policy was parallel to their own, even if we were not attempting to set forth the Canadian policy in such detail.

6. Mr. Fred Exton, the State Department official who provided these documents, hastened to assure Mr. Scott that Canada was fully co-operating with the United States in this matter and that, primarily, the reason they had turned out such a document was to provide a yardstick for the various United States Government disposal agencies who had been asking the State Department to establish a policy which could be followed without causing confusion.

7. When Mr. Exton admitted that they had to provide for exceptions to the general rules as set forth in their policy the occasion was again taken to put forward the customary suggestion that it would be even more helpful if the State Department would inform this Embassy in advance, before issuing a licence for the export of aircraft which might be of a military type. This suggestion was put forward having in mind that up to the present we had not on one single occasion been consulted in advance by the United States authorities with regard to any shipments which they themselves have made to any Latin American country.

8. Mr. Exton said he fully appreciated the position we were placed in by their failure in the past to keep us informed along such lines, and he volunteered an informal memorandum† explaining the circumstances under which

the State Department recently allowed a shipment into Mexico of a number of B-18's. His memorandum has not yet arrived, but there is every reason to believe that it will be forthcoming in the near future.

9. It has been ascertained from the United Kingdom Embassy that a similar set of documents was received from the State Department, and it is understood that copies are being forwarded to London. The reaction of the member of the United Kingdom Embassy staff who was in touch with Mr. Scott on this matter was that although, as in our case, no attempt was made to hint that the United Kingdom Government should adopt a similar policy, nevertheless the handing of a copy of these documents to their Embassy was clearly intended as an invitation to reciprocate with like information as to the policy of the United Kingdom Government. The general impression gained by Mr. Scott was that the United Kingdom Embassy would be taking the same line as our own, namely, that they are, in fact, co-operating with the United States Government with regard to the sale of aircraft to Latin American countries without attempting to define their policy in such meticulous detail. It is understood that the State Department is trying to formulate a similar policy to cover the sale of naval craft, but are finding this much harder, due to the difficulty of determining what are the essential characteristics of naval craft whereby they can be identified as such.

I have etc.

H. H. WRONG

1201.

DEA/11044-B-40

*Mémorandum du chef, la troisième direction politique*

*Memorandum by Head, Third Political Division*

CONFIDENTIAL

[Ottawa,] December 26, 1946

EXPORT OF ARMS TO THE DOMINICAN REPUBLIC

At the request of Mr. Ross, Deputy Minister of National Defence, Army, I saw today a Mr. A. W. Rogers who was looking for military equipment for the Dominican Republic. He is a British Engineer who has spent a good many years in that country and he came with an introductory card from the British Legation.

He said that he was a personal friend of President Trujillo who was worried by fears of communist uprisings and wished to strengthen his position with almost any sort of military equipment that he could pick up.

I told Mr. Rogers that it was the policy of the Government not to engage in the export of arms and military equipment. Mr. Rogers is returning immediately to the Dominican Republic where he will in his own words report the failure of a mission.

R. M. M[ACDONNELL]

## PARTIE 12 / PART 12

## MEXIQUE / MEXICO

1202.

DEA/5682-40

*Le chef, la direction économique, au directeur, la direction des relations commerciales et des tarifs étrangers, le ministère du Commerce*

*Head, Economic Division, to Director, Commercial Relations and Foreign Tariffs Branch, Department of Trade and Commerce*

Ottawa, January 11, 1946

Dear Mr. Kemp,

I refer to our conversation on the subject of the Canada-Mexico Trade Agreement and in particular to the article which the Mexican authorities have suggested inserting covering the exchange of m.f.n. treatment in all matters relating to sea and air navigation, etc.

With reference to air navigation, I have canvassed the views of this Department and it is our feeling that the International Civil Aviation Conference at Chicago in 1944 laid down principles for international collaboration in civil aviation matters. Both Canada and Mexico signed the Interim Agreement, the Convention and the Air Services Transit Agreement. The latter Agreement grants Two Freedom privileges to contracting states.

On the subject of other air rights, the Chicago Conference arrived at agreed procedures.

We have already advised the Mexican Ambassador in Ottawa that we were prepared to discuss the negotiation with the Mexican Government of a bilateral agreement in accordance with the standard formula developed at Chicago for the granting of reciprocal rights of air service. I attach copy of our note of August 10th, 1945. I also attach copy of our earlier note of June 15th, referred to therein.

Yours sincerely,

S. D. PIERCE

1203.

DEA/72-ACU-40

*Le ministre des Relations extérieures du Mexique  
à l'ambassadeur au Mexique (Traduction)*

*Minister of External Relations of Mexico  
to Ambassador in Mexico (Translation)*

Mexico, January 15, 1946

Mr. Ambassador,

The Government of Mexico wishing to strengthen the bonds which already exist between Mexico and Canada, and being desirous of establishing a

more adequate regulation of the civil air services between both countries, begs Your Excellency to please bring to the attention of Your Government, the formal invitation of my Government so that the competent authorities of both countries may have preliminary discussions for the eventual drafting of a Bilateral Agreement on International Civil Air Transport, based on the Model Agreement approved by the International Civil Aviation Conference which took place in Chicago in 1944.

In thanking Your Excellency for transmitting this invitation to Your Government, I take this opportunity to renew to you the assurances of my highest consideration.

## PARTIE 13 / PART 13

## PAYS-BAS / NETHERLANDS

1204.

DEA/8638-40

*Le sous-ministre des Finances au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Finance to Under-Secretary of State for External Affairs*

Ottawa, January 15, 1946

Dear Mr. Robertson,

The Minister for The Netherlands has requested an early appointment with the Minister of Finance for Dr. Crena de Iongh, representing the Government of the Netherlands Indies, to discuss the further extension of the credit which Canada has granted to the Bank for the Netherlands Indies.

Before we discuss this matter with Dr. Crena de Iongh, we would very much appreciate having any opinion which your Department cares to express on the current unsettled situation in Java and the Netherlands Indies generally, and any advice you might wish to give us regarding the extension of additional credit to the Bank for the Netherlands Indies at the present time. We are, of course, fully committed to provide credits up to an amount of \$15,000,000 of which only \$700,000 has been utilized up to the present, and I do not think there is any need for haste in providing additional amounts, as we originally agreed to do, until more use has been made of the \$15,000,000 already available. On the other hand, I think there is no doubt that the representatives of the Netherlands Indies will wish to have us make a definite commitment for the remaining \$50,000,000 as quickly as possible.

I believe Mr. Bryce of my Department spoke to Mr. Pierce about this matter several days ago.

Yours very truly,

W. C. CLARK

1205.

DEA/8638-40

*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*

Ottawa, January 18, 1946

Dear Mr. Clark,

I refer to your letter of January 15th asking for our views on the further extension of the credit which Canada has granted to the Bank for the Netherlands Indies.

I confirm what Mr. Pierce told you and Mr. Bryce, that our feeling is that discussions should not be resumed until the Netherlands East Indies situation is settled. The Government is being criticized—unfairly—for permitting War Assets to sell military equipment to The Netherlands for use in the Indies. In the circumstances I do not think that the Dutch really expect us to negotiate a further extension of the agreed credit at this time.

Furthermore, as you point out, only \$700,000 of the \$15,000,000 has been utilized up to the present, so that the matter does not appear to be a pressing one.

Yours sincerely,

N. A. ROBERTSON

1206.

DEA/8556-A-40

*Le secrétaire d'État aux Affaires extérieures au ministre des Pays-Bas*

*Secretary of State for External Affairs to Minister of The Netherlands*

No. 18

Ottawa, February 5, 1946

Excellency,

I have the honour to refer to your note No. 370 of February 1st,<sup>1</sup> concerning the revival of the Convention of Commerce between Canada and The Netherlands concluded in Ottawa between our two Governments on July 11th, 1924. The Government of Canada agrees to terminate the suspension period of this Convention and place it again on the record of existing and valid Treaties.

As, however, trade has not yet been resumed between the Netherlands East Indies and Canada, the Convention will not be operative in respect to the Netherlands East Indies until trade has been resumed.

Accept etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

<sup>1</sup> Voir Canada, *Recueil des traités*, 1946, N° 6.

<sup>1</sup> See Canada, *Treaty Series*, 1946, No. 6.

**1207.**

DEA/614-A-40

*Le ministre des Pays-Bas au secrétaire d'État aux Affaires extérieures*  
*Minister of The Netherlands to Secretary of State for External Affairs*

No. 815

Ottawa, March 11, 1946

Sir,

In answer to your note of December 14th, 1945, concerning the registration of Netherlands securities held by the Custodian I have the honour to inform you that my Government has instructed me to let you know that it considers the general registration in Canada as well as in other countries of these securities necessary.

This registration is a measure of protection of the rights of the owners of Netherlands securities in this country and does not prejudice in any way, to the opinion of the Netherlands Government, the rights which the Custodian would feel to have on these securities.

The Netherlands Government therefore does not see what objection the Custodian could have against this measure of protection and is disposed, if necessary and agreeable to the Canadian Government, to prolong the term of registration of Netherlands securities held by the Custodian. I would appreciate receiving proposals to that effect.

Accept etc.

SNOUCK HURGRONJE

**1208.**

DEA/614-A-40

*Le secrétaire d'État aux Affaires extérieures au ministre des Pays-Bas*  
*Secretary of State for External Affairs to Minister of The Netherlands*

No. 36

Ottawa, March 18, 1946

Excellency,

I have the honor to refer to your Note No. 815 of March 11, 1946, wherein you communicated the views of the Netherlands Government regarding the registration of Netherlands securities now under the control of the Custodian of Enemy Property.

2. The matter has since been discussed with the Custodian who has indicated that no objection is taken to the registration requirement in so far as it is applicable to securities held by persons residing in Canada. However, the Custodian has reiterated his request that the registration requirement, in so far as it affects Netherlands securities held by him for persons residing, not in

Canada, but in enemy countries or in countries now liberated which were formerly enemy-occupied, be extended for a reasonable time after the date on which the Custodian will have released such securities pursuant to the Release Agreement now under discussion between the Netherlands and Canadian Governments.

3. In support of his request, the Custodian has pointed out that:

(a) It would not be physically possible to comply with the Netherlands notice within the time specified. Since the Netherlands Government has indicated a willingness to extend the time-limit for registration, the Custodian would naturally prefer, instead of an arbitrary date which it might or might not be possible to meet, an exemption of the securities held by him until the expiration of a reasonable time after Netherlands assets have been released by him pursuant to the Agreement.

(b) The Custodian will not be in a position, until applications are received from the beneficial owners, to determine whether any particular asset is a "Class A" or "Class B" enemy asset, in which latter case the custodian could claim it for reparation purposes; his position would obviously be impaired if, in the meantime, the asset has been "cancelled" under Netherlands law.

(c) Some other countries have indicated a willingness to exempt from the operation of their registration laws property held by the Custodian until a reasonable time after the property has been released.

(d) A parallel situation arose after the First World War, when a large number of C.P.R. shares registered in German names were not surrendered to the Custodian as required by the Treaty of Versailles, such shares having been illegally traded from hand to hand in European neutral markets. Some of the ultimate holders were Netherlands nationals who did not report or sell their holdings to the Custodian, apparently expecting to obtain a release or a better price. The Custodian after due notice cancelled all outstanding certificates. In 1939, the matter was taken up by the Netherlands and Canadian Governments, and officials of the Custodian's Office proceeded to Amsterdam for the purpose of verifying each disputed claim. Wherever a claimant qualified under conditions approved by both Governments, he was indemnified in respect of lost revenue and new certificates were issued to him. In the present case, the Custodian suggests that difficulties of this kind would be avoided if the requested exemption were granted by the Netherlands Government.

(e) Some of the securities affected by the Netherlands notice are undoubtedly held for nationals of countries to whom Canada has already submitted release proposals. If the Netherlands notice were complied with in respect of such securities, it might be construed as a breach of confidence so far as these countries are concerned.

(f) The Custodian appreciates the desire of the Netherlands Government to locate and bring under control Netherlands securities which may have

fallen into enemy hands. On the other hand, he and other Custodians are working toward the same end, which would not, it is thought, be defeated if the requested exemptions were granted.

4. It is understood that, as presently advised, the Netherlands Government would prefer setting a definite date-line after which undeclared securities would be cancelled. On the other hand, it is possible that the Netherlands Government may not be fully aware of all the considerations outlined in paragraph 3 above. It would be much appreciated, therefore, if you would bring these views to the attention of the Netherlands Government as soon as possible, and if you would, moreover, regard this Note as a further request to exempt from the registration requirements of the Netherlands notice property held by the Custodian until a reasonable time after it has been released pursuant to agreement.

5. In the meantime, it would be most helpful if you could provide me with a copy of the Netherlands legislation upon which the notice is based.

Accept etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

1209.

DEA/614-A-40

*Le ministre des Pays-Bas au secrétaire d'État aux Affaires extérieures*  
*Minister of The Netherlands to Secretary of State for External Affairs*

No. 1283

Ottawa, April 30, 1946

Sir,

I have the honour to refer to my note of March 20th, No. 908† and to inform you that I have now received telegraphic advice from my Government stating that in their opinion there seems to be a misunderstanding with regard to the extent of the registration of Netherlands securities in Canada, especially insofar as securities under the control of the Custodian of Enemy Property are concerned.

My Government specially draws attention to the fact that only those securities belonging to owners who are residents of Canada and which are deposited in this country would be liable to registration. Consequently all securities under the control of the Custodian which belong to owners residing outside of Canada, including of course those resident in The Netherlands, are not subject to registration.

I consider it possible that the above restriction, which certainly reduces the securities to be registered to a very small number, has been lost sight of during our recent conversations.

I should very much appreciate it if you would let me know whether the explanation given above can in any way alter the point of view taken until now by the Custodian with regard to the registration question.

Accept etc.

SNOUCK HURGRONJE

1210.

DEA/614-A-40

*Le ministre des Pays-Bas au secrétaire d'État aux Affaires extérieures*

*Minister of The Netherlands to Secretary of State for External Affairs*

No. 1726

Ottawa, June 17, 1946

Sir,

I have the honour to refer to my note of April 30th, No. 1283, and our foregoing discussions on the subject of registration of Netherlands securities at present under the control of the Canadian Custodian of Enemy Property.

As stated in my note of March 20th 1946, No. 908†, I have brought the contents of your note of March 18th, No. 36, to the knowledge of my Government in The Hague. My Government now informs me that they have given careful consideration to the arguments set out therein. They feel, however, that they have to call your attention to the fact that they are bound to comply with their internationally accepted obligations regarding the search for enemy-owned Netherlands securities. The only manner in which it is possible to ascertain whether or not certain securities are owned or controlled by enemy-interests is, as my Government states, by overall registration. This registration does not prejudice, however, the ultimate question to whom the securities belong. This being so, and my Government feeling that the system of registration as followed at present is the only one which fully corresponds to their internationally established duty, they hope that the Canadian Custodian of Enemy Property will accept to comply with the existing Netherlands regulations, thereby safeguarding himself against a possible declaration of cancellation to be applied to non-registered securities.

At the same time, however, my Government is ready to extend the ultimate date of registration to the 31st of July, 1946.

Accept etc.

SNOUCK HURGRONJE

1211.

DEA/614-A-40

*Le secrétaire d'État aux Affaires extérieures au ministre des Pays-Bas*  
*Secretary of State for External Affairs to Minister of The Netherlands*

No. 72

Ottawa, July 4, 1946

Excellency,

I have the honour to refer to your note No. 1726 of June 17, 1946, and to advise you that the Custodian is prepared to approve the proposal of the Netherlands Government for the registration of securities under the Custodian's control as it does not involve displacement of the securities.

Before the Custodian instructs his depositaries to make the declarations as outlined in your note, he would like to be assured that the Netherlands Government will undertake not to apply any penalties to the owner or to the Custodian so long as such securities remain under his control.

If you will be kind enough to give this undertaking, the Custodian will at once issue the instruction to comply with the Netherlands registration regulations.

The final date set by the Netherlands Government for registration is July 31, 1946, and the Custodian would like also to be assured that registration will be accepted after that date should there be any delay in obtaining the undertaking of the Netherlands Government regarding penalties.

Accept etc.

N. A. ROBERTSON  
for the Secretary of State  
for External Affairs

1212.

DEA/614-A-40

*Le chargé d'affaires des Pays-Bas au secrétaire d'État*  
*aux Affaires extérieures*

*Chargé d'Affaires of The Netherlands to Secretary of State*  
*for External Affairs*

No. 2005

Ottawa, July 15, 1946

Sir,

I have the honour to refer to your note of July 4th, 1946, No. 72, and my provisional reply of July 9th, No. 1947†, regarding registration of Netherlands securities under the control of the Custodian of Enemy Property.

My Government has now informed me by cable that they are pleased to give the assurance that no penalty consisting of cancellation or appropriation by the Kingdom of The Netherlands of securities under the Custodian's control will

be applied by them. Moreover, the final date for registration by the Custodian has been deferred until August 31st, 1946. I trust that the above statement will now enable the Custodian to comply with my Government's request.

Accept etc.

W. C. POSTHUMUS MEYJES

1213.

DEA/9108-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au secrétaire d'État aux Affaires extérieures*

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

[Ottawa,] October 26, 1946

I had a visit yesterday afternoon from the Netherlands Chargé d'Affaires and Dr. Boerma, Deputy Minister of Agriculture in the Netherlands Government, who is attending the F.A.O. Conference in Washington, which opens on Monday. The purpose of the visit was to bring to the Department's attention the wheat situation in The Netherlands, which they described as desperate. They added nothing, however, to the facts which they disclosed to the Department of Trade and Commerce yesterday morning and which are outlined in the attached memorandum by Mr. Master. †

They then referred, though in somewhat guarded terms, to political difficulties which they would encounter if they were forced to accept offers of wheat from "eastern Europe". They said that a U.S.S.R. trade mission in The Netherlands was in direct touch with merchants, indicating that wheat from Russia might be available in certain circumstances. They added that the Communist Party in Holland would, of course, exploit this situation to the limit. I said that we quite appreciated their preoccupation with this aspect of the question. I also gave them a general assurance that, other things being equal, and reserving the position of the United Kingdom, with which we had a special relationship in this matter, there was no country whose request for wheat would receive more sympathetic consideration than one from The Netherlands. That, however, was as far as I could go. I pointed out also that we had been receiving many requests from countries whose food position was serious and that it was impossible, of course, for us to satisfy all these requests. The Netherlands, however, could be sure that they would not be discriminated against.

Posthumus Meyjes said that they appreciated this attitude of Canada and they, in turn, understood our difficulties. They felt, however, in The Netherlands that they had been rather generous to their neighbours in the difficult times last spring, and that was one reason why they were in such a position now, with only three weeks' reserve of cereals. Dr. Boerma was quite frank

in stating that one reason why Canadian wheat was so attractive was its price. In this connection, the Argentine had been holding them up by prices which were impossible to pay. I replied that I was conscious of the fact that our price policy in wheat was one reason why our wheat was so popular.

Mr. Posthumus Meyjes is to send me a note on the subject in the next day or two, which he has asked me to bring to the attention of the Government.

L. B. PEARSON

1214.

DEA/9108-40

*Mémorandum de la légation des Pays-Bas*  
*Memorandum by Legation of The Netherlands*

Ottawa, October 26, 1946

MEMORANDUM CONCERNING THE BREAD GRAIN  
 POSITION OF THE NETHERLANDS

The bread grain supply in The Netherlands has never been so low since the end of the war and it seems to be necessary to explain in short which circumstances have led to this situation.

At the time of the liberation all supplies had been completely exhausted. During the last months of the war the population lived on a ration which was so small that the death rate, especially in the Western part of The Netherlands, increased alarmingly. The first relief was the dropping by air of foodstuffs, after which the immediate arrival of further supplies enabled the Netherlands Government to give the highly undernourished population a more reasonable ration. This could be largely attributed to the policy of the Government in exile which during the war saw to it that an important stockpile was formed, which was made up to a large extent of Canadian wheat.

Thereafter steps were taken to further ameliorate the situation by the following measures: first, the greater part of the 1945 crop (which, owing to war conditions was much lower than the average pre-war crop) was only made available for human consumption, and secondly, large new purchases were made by The Netherlands in Canada and the United States of America. This very careful policy was the prime reason that at the beginning of this year The Netherlands had a fair sized grain supply at their disposal.

Suddenly it was realised that other countries would have to face considerable shortages if immediate action was not taken. The matter was so urgent that in the beginning of February The Netherlands had to stop all purchases of foreign grain, and agreed to divert quantities already bought to France. Later The Netherlands were further willing to loan to Belgium and France quantities of wheat; reduce their bread ration to 300 grams per day per person, and to bring down their working stocks to four weeks.

Appendix No. 1† shows the expected development of the Netherlands bread grain position, up to the first of November, respectively first of December. The stocks on December 1st of 74,000 tons for a bread ration of three weeks can hardly be called sufficient for a normal distribution, especially because winter is apt to close up the Netherlands waterways necessitating the mills to acquire beforehand ample winter stocks in order to be able to maintain the national distributing system.

Consequently, The Netherlands have looked for ways and means to improve this condition, and have requested a delegation to meet the Canadian Government in order to lay before them this critical condition and ask all assistance possible that could ameliorate this condition, possibly by giving priorities.

On Appendix II† the situation is shown of the estimated bread grain position up to October 1st, 1947.

As the Canadian statistics only run up to the 31st day of July the figures given can be reduced by a two months requirement, in order to be in accordance with the Canadian crop year.

The Netherlands Government is much concerned over this long term program and now wishes to make agreements with Canada, the United States of America, and the Argentine, in order to meet the requirements, shown in the table attached‡. So far Canada has only made monthly allocations, while the United States of America has not been willing to commit itself after January 1st, 1947.

Moreover the Netherlands foreign exchange position limits the possibilities where purchases can be made. The table‡ attached shows the quantity that can be bought from the United States and the Argentine. As so far it has not been possible to make a financial agreement with the Argentine eventual purchases in that country have to be paid for in U.S. currency. The Canadian Credit allows for further purchases in Canada, and consequently this country has to be considered as the only source of supply for the balance of the Netherlands bread grain requirements.

Summarizing, The Netherlands are compelled to apply to Canada for the procurement of 18,000 tons per month, on top of the monthly 17,000 tons which have already been tentatively allocated.

A strong request to the Canadian Government to meet the needs of The Netherlands was put forward by the delegation during their conference on October 25th, 1946.

In connection with the above, and with regard to the experience of this year, it is evident that the Netherlands Government would appreciate to make a long term contract with the Canadian Government, in order to stabilize the mutual relationship with regard to the bread grain supplies over a period of—for instance four years. This agreement could be based upon a monthly supply of 35,000 tons for the first two years, and of 20,000 tons for the two years

thereafter. The advantages of such a stabilization would regulate the flow of bread grain for the population of The Netherlands, and would further contribute to the general reconstruction of the country.

1215.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

[Ottawa,] October 30, 1946

. . .

*Export of armaments; sale of armoured trucks to Netherlands*

5. THE SECRETARY reported that the Department of External Affairs had recommended that approval be given to the sale of one hundred and eighteen surplus armoured trucks through Canadian Commercial Corporation to the Netherlands government for the use of the Royal Netherlands Army.

Under existing government policy it was necessary to obtain express Cabinet approval for such transactions.

6. THE MINISTER OF RECONSTRUCTION AND SUPPLY explained, in answer to queries by other Ministers that the trucks in question could not be converted readily for civil use. They were essentially fighting vehicles of no commercial use or value in Canada unless broken up.

7. THE CABINET, after discussion, approved the proposed sale to the Netherlands government.

. . .

1216.

DEA/9108-40

*Le secrétaire d'État aux Affaires extérieures au ministre des Pays-Bas**Secretary of State for External Affairs to Minister of The Netherlands*

No. 111

Ottawa, November 9, 1946

Excellency,

I refer to your note No. 3276 of October 26th† which, with its enclosure<sup>1</sup>, outlined the serious situation in respect of bread grain which exists in your country.

During my conversation on October 25th with Posthumus Meyjes of your Legation and Dr. Boerma, Deputy Minister of Agriculture in the Netherlands

<sup>1</sup>Document 1214.

Government, I stated that I would arrange to have the Canadian authorities examine our present wheat situation to determine the maximum assistance which might be given to your country, although I emphasized at the same time how difficult our surplus exportable wheat situation had become as a result of heavy commitments and the numerous urgent requests for grain which we are continuing to receive from so many countries whose food shortages have become acute.

This detailed survey has now been completed and I am able to advise you that the Canadian Wheat Board will undertake to supply at seaboard position 7,500,000 bushels for your country covering the period September 1st, 1946 to August 31st, 1947, and priced at the Board's Class II price in effect when the wheat is sold. In addition to these undertakings, every effort will be made to provide The Netherlands with an additional 2,500,000 bushels, but as you will appreciate all of the amounts which I am quoting are subject to anticipated farm deliveries being made and adequate transportation facilities being available.

In this latter connection I should perhaps tell you so that you can fully appreciate the extent of our problem that our shipping schedule, which is programmed on a monthly basis, is as of this date some 20,000,000 bushels in arrears, of which I understand 1,568,000 bushels represent shipments for your country. It is expected that this backlog will be overcome in the very near future but until it has been reduced substantially it is not possible to formulate firm future programmes, and it is this factor which has prevented my furnishing you with figures of probable monthly deliveries.

In view of the fact that the 7,500,000 bushel undertaking, together with the probability of an additional 2,500,000 bushels, represent the maximum quantity which can be assured under present indications, it can be seen that a contract with the Canadian Government such as you suggested would not have the effect of increasing deliveries to your country.

In the meantime, the Canadian authorities will continue to keep your needs before them on every occasion when they find it possible to make further allocations, and I can only repeat the assurance which I gave to Mr. Meyjes during his aforementioned visit that there is no country, apart from the United Kingdom with which we have a special relationship in this matter, whose requests for additional wheat allocations will receive more sympathetic consideration than will those of The Netherlands.

Accept etc.

L. B. PEARSON  
for the Secretary of State  
for External Affairs

1217.

W.L.M.K./Vol. 403

*Le secrétaire d'État aux Affaires extérieures au ministre aux Pays-Bas*  
*Secretary of State for External Affairs to Minister in The Netherlands*

TELEGRAM

Ottawa, December 5, 1946

Following for Dupuy from Pearson, Begins: Reference your telegram No. 130.† Prime Minister agrees that if Netherlands wish to elevate their Legation to an Embassy in Ottawa, we would have no objection and we could reciprocate. Ends.

1218.

DEA/9238-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*  
*au 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, 1946

I was informed this morning, officially, by the Netherlands Minister that his Government desired to raise their Legation at Ottawa to the rank of Embassy. I was also asked to secure the *agrément* for Dr. J. H. van Royen whom they desire to nominate as their first Ambassador to Canada and who has been the Foreign Minister of The Netherlands.

2. I was asked whether Canada would take simultaneous action for the elevation of the Canadian Legation at The Hague to the rank of Embassy,<sup>1</sup> and I indicated that there would probably be no objection to this.

3. An Order-in-Council is not necessary for these changes, but the King's approval must be obtained through the Governor General.

4. If you approve, I will ask for the King's approval and ask Dupuy to enquire whether the Netherlands Government are agreeable to the elevation of our Legation to the rank of Embassy and whether they desire that we should seek *agrément* for Dupuy as Ambassador.<sup>1</sup>

5. Thereafter we will suggest that a simultaneous announcement in both capitals be made.

6. In the meantime, all the preparations are confidential and I have told Dupuy that we are most anxious to avoid premature publicity.

7. The Netherlands Minister emphasized this morning the extreme desirability of avoiding a premature leak, and I will take whatever steps are possible to avoid this at this end.

L. B. P[EARSON]

<sup>1</sup>Note marginale:<sup>1</sup>Marginal note:

Yes. St. L[AURENT]

## PARTIE 14 / PART 14

## NICARAGUA

1219.

DEA/391-39

*Le ministre de Grande-Bretagne au Nicaragua au secrétaire d'État  
aux Affaires extérieures*

*Minister of Great Britain in Nicaragua to Secretary of State  
for External Affairs*

Managua, September 2, 1946

Sir,

With reference to my letter dated the 5th April† last in which I referred to the indications that the Nicaraguan Government were now prepared to conclude the proposed Trade Agreement with Canada, I have the honour to inform you that the Minister for Foreign Affairs has handed to me for submission to you a modified version of the draft agreement which you originally supplied in 1939. I enclose a copy of the modified version in Spanish together with a translation.†

2. The Ministry of Foreign Affairs have also handed me the text of another form of preamble which incorporates the names of the plenipotentiaries authorized to sign on behalf of the Nicaraguan and Canadian Governments suggesting that some such form of preamble is necessary. A copy of this form of preamble is enclosed together with a translation.†

3. I also enclose for your information a Memorandum† which I communicated to the Ministry of Foreign Affairs on the 5th August last regarding the arrangement proposed whereby the Agreement would enter into force provisionally on the day of its being signed. The draft note which was enclosed with this Memorandum was that enclosed in your letter of the 12th June, 1939.†

4. I shall be glad if you will inform me in due course what further steps you wish me to take in the matter.

5. I am sending a copy of this letter to His Majesty's Principal Secretary of State for Foreign Affairs and to His Majesty's Ambassador at Washington. I am also sending a copy to Mr. M. T. Stewart, Canadian Government Trade Commissioner at Bogotá, Colombia.

I have etc.

A. W. ROBERTSON

1220.

DEA/391-39

*Mémoire du sous-secrétaire d'État aux Affaires extérieures  
à la direction économique*<sup>1</sup>

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

[Ottawa,] October 24, 1946

TRADE AGREEMENT WITH NICARAGUA

I shall speak to Mr. MacKinnon about this matter as soon as possible. Meanwhile, my present views are:

(1) If Mr. MacKinnon signs the treaty, no great problem exists. I think that he should sign it alone, because of the misunderstanding which is always created in foreign countries by the participation of the United Kingdom representative in this kind of action;

(2) On the assumption that the United Kingdom Minister has not made any substantial contribution to the negotiations, but has acted largely as a "post office", I do not think that he would have any great cause for irritation if Mr. Stewart signed the treaty alone, in the absence of Mr. MacKinnon. I think that, as suggested, arrangements to this end might be put into effect as soon as we learn definitely that Mr. MacKinnon has cancelled his proposed trip;

(3) I appreciate that, in omitting the United Kingdom Minister from participation in the signature, we may appear to be discourteous, and I think that we should take advantage of every opportunity to emphasize our appreciation of his services in this and other matters which are of Canadian concern. Nevertheless, I feel that, on balance, the advantage lies in having a Canadian sign alone when the treaty is one of exclusive Canadian concern, as I assume this one is.

L. B. P[EARSON]

1221.

DEA/391-39

*Le délégué commercial en Colombie au directeur, le service  
des délégués commerciaux, le ministère du Commerce*

*Trade Commissioner in Colombia to Director, Trade Commissioner Service,  
Department of Trade and Commerce*

Bogota, November 13, 1946

Dear Sir,

RE: TRADE TREATY—NICARAGUA

Your attention is invited to my recent visit to Managua, Nicaragua where negotiations for a most-favoured-nation treaty with the Nicaraguan Govern-

<sup>1</sup> À A. C. Smith

<sup>1</sup> To A. C. Smith

ment were successfully completed. I arrived in Guatemala Friday afternoon, October 25th, after having travelled all night by plane from Washington via New Orleans and Mérida and, as there was no point in proceeding to Managua over the weekend, I stayed in Guatemala and spent considerable time with Mr. C. B. Birkett, who is becoming nicely settled in his new post.

We proceeded to Managua Monday morning by Panair and, after discussing our plans with the British Minister, Mr. A. W. Robertson, he was able to arrange an interview with the Foreign Minister, Dr. Román for early Tuesday morning when we had a very pleasant and lengthy conversation with Dr. Román, who indicated his keen interest in negotiating a most-favoured-nation treaty with Canada at the earliest possible moment. However, he had to consult various other members of the Government, including the President and the Minister of Finance and it was not until Thursday evening that he was able to advise us informally that they were prepared to proceed with the signing of the treaty. I had previously indicated to him that I was authorized only to conduct the preliminary negotiations and initial the draft of the treaty, in company with the British Minister, and that the actual signing ceremony would take place at a later date. Dr. Román was aware of our Minister, Mr. MacKinnon's expressed hope to proceed to Nicaragua in the near future to sign the treaty and his government is very keen that this formal event should take place in Managua at the earliest possible date. They are having general elections in Nicaragua early in the new year and it is possible that the present Government (dictatorship) which has been in power for many years may lose control and it would be desirable from every point of view to conclude this treaty while the present Foreign Minister, Dr. Román, is still in power, and I am sure the British Minister, Mr. Robertson, who will receive a copy of this letter, would concur with this statement.

Concerning the actual negotiations, there is little to report as Dr. Román was exceedingly co-operative throughout and did everything in his power to expedite a decision from the fellow members of his cabinet. As stated above, he gave us his decision informally at a dinner party at the British Embassy on Thursday evening but, as Friday was a National Holiday in Nicaragua, the Government offices were closed and we could do nothing more until Saturday morning. Mr. Birkett had completed most of his routine business calls in Managua by that time, and he decided to return to Guatemala Friday morning and I believe his visit to Managua at this point enabled him to establish very good connections with the Government and with the business and importing interests in Managua.

On Saturday morning, in company with the British Minister, we met at the Foreign Minister's office at 9:30 where he was accompanied by his legal advisers and he had the Spanish translation of our treaty with Colombia read and discussed and, after having satisfied himself and his advisers on one or two points, he indicated his willingness to initial the final English draft and this was done and the draft was initialled also by the British Minister and myself and the official visit concluded. We then returned to the British Legation

from which I sent a brief telegram to Mr. Arthur Neal<sup>1</sup>, advising him that the first draft had been initialled and the Minister wrote a despatch on this matter to External Affairs,† a copy of which you doubtless have already received. I wish to stress at this point the extremely helpful and interested attitude shown by Mr. Robertson and his unfailing assistance was of the greatest value to us.

Having completed my task in Managua, I took a Panair plane to Panama Saturday afternoon and posted the initialled draft of the Treaty to Mr. Arthur Neal by registered mail from Panama Tuesday morning, November 5th, Monday having been their National day and a full holiday. Naturally the British Minister at Managua, Mr. C. B. Birkett of Guatemala and myself will be extremely interested to learn of any further developments re the arrangements which may be made for the formal signing and we shall welcome your advices in due course.

Yours faithfully,

M. T. STEWART

1222.

DEA/391-39

*Le sous-secrétaire d'État aux Affaires extérieures  
au délégué commercial au Guatemala*

*Under-Secretary of State for External Affairs  
to Trade Commissioner in Guatemala*

Ottawa, December 6, 1946

Dear Mr. Birkett,

With reference to my letter of November 28th† regarding the Canada-Nicaragua Trade Agreement, I am enclosing Full Powers authorizing you to sign the agreement together with two photostatic copies. I would be grateful if you will communicate as soon as possible with Mr. A. W. Robertson, British Minister in Nicaragua, and arrange with him a convenient date for you to proceed to Managua to sign. The Nicaraguan authorities wish to sign the agreement as soon as possible.

I am also enclosing the draft text of the agreement<sup>2</sup> which has been initialled by Mr. M. T. Stewart and Mr. Robertson on behalf of Canada and the Nicaraguan Minister of Foreign Affairs. The date left blank in paragraph 2 of Article IX is to be eight or nine days subsequent to the date of signature in order to give us time to have an Order-in-Council passed to bring the agreement provisionally into effect.

<sup>1</sup> Responsable de la recherche sur les traités, ministère du Commerce.

<sup>2</sup> Voir Canada, *Recueil des traités*, 1946, N° 43.

<sup>1</sup> Chief, Treaty Research, Department of Trade and Commerce.

<sup>2</sup> See Canada, *Treaty Series*, 1946, No. 43.

The English and Spanish texts which you will sign are being prepared by Mr. Robertson.

On signing the agreement, will you also arrange with the Nicaraguan authorities the time and date for a Press Release and advise me by telegram in order that we may synchronize the Press Release here with the release in Nicaragua.

Please return the original Full Powers and the draft initialled text of the agreement to me along with the signed copies of the agreement. This may be done either by you directly or I presume through Mr. Robertson.

We much appreciate your services in this matter and trust that the arrangements we have made will not inconvenience you. We would have put the signing of the agreement off until early next year if the Nicaraguan authorities had not expressed a desire to sign at an early date.

You will note that you will be the sole signatory on behalf of Canada. I might add, for your own information, that although we are most grateful to Mr. Robertson for the services he has rendered us in concluding this agreement we have not requested him to sign on our behalf, due to our policy of having direct Canadian representatives sign our international agreements wherever possible. I think it would be well if you were to use any opportunity which offers to express to Mr. Robertson our appreciation of his valuable good offices.

You will also find attached a copy of telegram which I am sending today to Mr. Robertson.†

Yours sincerely,

S. D. PIERCE  
for the Under-Secretary of State  
for External Affairs

PARTIE 15 / PART 15

PÉROU / PERU

1223.

DTC/Vol. 259,33742

*Le secrétaire commercial, l'ambassade au Pérou, au directeur,  
le service des délégués commerciaux, le ministère du Commerce*

*Commercial Secretary, Embassy in Peru, to Director, Trade Commissioner  
Service, Department of Trade and Commerce*

CONFIDENTIAL

Lima, April 16, 1946

Dear Sir,

CANADIAN-PERUVIAN TRADE TREATY NEGOTIATIONS

I would refer to discussions regarding the foregoing which I had with you in November last and also with Mr. H. Kemp, Director, Commercial Relations,

in connection with the standing of the long drawn out negotiations which have been going on ever since Mr. Pedro Beltran's trip to Ottawa in January 1941 and the visit of the Hon. James A. MacKinnon and his Trade Mission to Peru in August of that year.

You will remember that these negotiations were temporarily shelved on the basis that while no obstruction existed from a commercial angle to the signing, the Peruvian Government wished the Canadian Government to open up diplomatic relations with Peru. However, this consideration was naturally finally removed by the establishment of the Canadian Embassy in Lima in October 1944. Then another delaying factor was injected by the fact that the Peruvian authorities thought they might prefer to conclude inter-South American agreements before accepting any new commitments in world areas. The numerous delays which have been experienced in getting any kind of South American cooperation on an economic plane have militated against the conclusion of such accords and Peru is now in the situation that the importation of merchandise from all parts of the globe is of vital necessity to keep her economy going. All through the early negotiations I felt that one of the main reasons Peru did not wish to conclude this agreement was that the officials here did not see that such a treaty would be of any advantage to Peru as the range of commodities which they could expect to export to Canada was small and as we showed no inclination whatsoever towards importing any volume of their two principal commodities, cotton and sugar. Also the various Peruvian officials have been so pre-occupied in the last couple of years with federal elections and the disturbed political situation that they have had little time for discussions of commercial agreements.

Treaty negotiations in Peru are under the direction of the Minister of Foreign Affairs and unfortunately since our Ambassador's arrival there have been numerous changes of Ministers so that it was difficult to get continued action. However, during these one and a half years the Ambassador has unceasingly kept the subject of our commercial agreement with Peru before the various Ministers of Foreign Affairs who have succeeded themselves since he came here, (Dr. Solf y Muro, Dr. Gallagher, Dr. Correa and finally Dr. Garcia Sayan), as also with many other Peruvian personalities interested in our commercial relations. The present Minister of Foreign Affairs, Dr. Enrique Garcia Sayan, is much more favourably disposed and has assured Dr. Laureys that he will do everything he can to bring negotiations to a successful conclusion within a reasonably short time. He informed the Ambassador that it would [be] in order for me to get into touch with Mr. Juan Chavez Dartnell, Chief of the Commercial Section in the Ministry of Foreign Affairs, and to work out with him the necessary details concerning the treaty. I have now been in touch with Mr. Chavez for the past month and you have probably already been informed of the progress made by the receipt of copies of the Ambassador's despatches to the Secretary of State for External Affairs, in particular the one dated April 3rd† which is being followed by the last one under date of April 15th.†

I have had approximately six interviews with Mr. Juan Chavez, in the first of which I left him with a copy of the Spanish text of the projected treaty. He was in general agreement with most of the clauses with the exception that he felt his Ministry would be more inclined to sign a most favoured nation treaty for the term of one year instead of two. This is due to the unsettled state of international trade and the possibility that after a year's period the Peruvian Government would be in a better position to review the matter and possibly suggest definite schedules in place of the general treaty. Mr. Chavez admitted no one in the Ministry had either the time or the staff to make a thorough study at present. I suggested consideration of the two year term as it seems unlikely that international trade conditions will be much more settled after the lapse of one year than they are now; also if the term was so short we would have to re-open negotiations for the new treaty immediately after the first one was signed. Although I did not express it I also doubted if their commercial section would be re-organized sufficiently in the one year period. However, Mr. Chavez still felt the one year term would be better as far as they were concerned and was willing to recommend a general agreement for that period. I suggested that at least provision should be made for renewal of the most favoured nation agreement and Mr. Chavez appeared conformable thereto. I believe this fits in with the views expressed to me by Mr. H. Kemp, that the Canadian Government would prefer a general most favoured nation agreement rather than one embodying detailed schedules and rates.

Subsequent interviews with Mr. Chavez were more to see that he was following up with the officials in his Ministry and in the last talk I had, on April 13th, he informed me that he had had a further conversation with the Minister of Foreign Affairs on April 12th. He had also consulted with Dr. Francisco Tudela, who as you will remember was President of the Foreign Political Economic Commission of Peru at the time of Mr. MacKinnon's visit, and which Commission has now been more or less bodily incorporated into the new Consultative Committee of the Ministry of Foreign Affairs. On April 10th Dr. Laureys had a long conversation with the Minister of Foreign Affairs in the course of which Dr. Garcia assured the Ambassador that he would endeavour to see that this treaty was signed as soon as possible. With this background, and the favourable reports from Mr. Chavez and Dr. Tudela, the Minister informed Mr. Chavez that the Economic Sub-Committee of the Consultative Committee of the Ministry of Foreign Affairs should be convened at once to discuss the projected Canadian-Peruvian trade treaty. Mr. Chavez told me that he was arranging for this Sub-Committee to meet but that he felt it would take a week or so to get various gentlemen to agree on a fixed date. I shall be getting into touch with him again immediately after the Easter week-end.

I wrote to Mr. Kemp on April 2nd asking for some additional background material which he might have in case the Economic Sub-Committee should ask for any more detailed information than I possess here. I presume this will reach me shortly.

I am attaching an additional copy of my today's letter in case you wish to refer it to the Department of External Affairs and I have also provided a triplicate for the Ambassador's files. Dr. Laureys is consulting with his Department in regard to the actual process of signing as the Peruvian authorities have requested that this should take place in Lima. I shall keep you advised of further developments.

Meanwhile, believe me to be,

Yours faithfully,

WILLIAM G. STARK

1224.

DEA/72-AGM-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Pérou*  
*Secretary of State for External Affairs to Ambassador in Peru*

DESPATCH 73

Ottawa, April 20, 1946

Sir,

I have the honour to refer to your despatch No. 60 of March 28th<sup>†</sup> concerning the proposed establishment of a direct air route between Lima and Montreal by the Peruvian International Airways. I should like to make some observations on this despatch for your information which you may wish to communicate to the Peruvian authorities as you see fit.

In the first place, we consider that the necessary preliminary step to the inauguration of an air service between Peru and Canada would be the conclusion of a bilateral agreement, in accordance with the standard formula developed at the International Civil Aviation Conference held in Chicago in December 1944, for the granting of reciprocal rights for air services between the two countries. Before service between Canada and the United States was begun, such an agreement was concluded. In this connection I enclose a copy of the exchange of notes of February 17th, 1945, between the United States and Canada on civil air transport.<sup>1</sup>

Further, when such an agreement was concluded the designated airline of Peru, presumably the Peruvian International Airways, would have to make application for a permit to operate an agreed service into Canada. Such an application would be subject to the conditions of Clause 7 of the Standard Form of Agreement for Provisional Air Routes, under which each contracting party reserves the right to withhold a permit in any case where it is not satisfied that substantial ownership and effective control are vested in nationals of a party to the agreement.

<sup>1</sup> Voir Canada, *Recueil des traités*, 1945, N° 2.

<sup>2</sup> See Canada, *Treaty Series*, 1945, No. 2.

The above remarks are of general application conforming to our adherence to the principles enunciated at Chicago, and do not apply especially to Peru. A similar line would be adopted in dealing with any other country which proposed to inaugurate a service to Canada.

Any further information you may receive concerning this company and the proposed inauguration of a service between Peru and Canada will be welcome.

I have etc.

SYDNEY D. PIERCE  
for the Secretary of State  
for External Affairs

1225.

DEA/10378-40

*L'ambassadeur au Pérou au secrétaire d'État aux Affaires extérieures*  
*Ambassador in Peru to Secretary of State for External Affairs*

TELEGRAM 17

Lima, April 26, 1946

IMMEDIATE. Reference Canadian-Peruvian Trade Treaty negotiations.

Preliminary informal conference of Sub-Commission of Ministry of Foreign Affairs reveals the following objections.

1. Concessions to be accorded by Peru considered of far greater value than those to be received from Canada due to small number of Peruvian products exported to Canada.

2. Due to present tightness of dollar exchange situation, Peru not anxious to increase imports from dollar area unless compensating exports to Canada possible.

3. Provisions of Articles II and III regarded as too wide, particularly as Peru desirous of increasing imports from sterling area.

*Questions:*

(1) Is there any possibility of increasing Tanguis or Pima cotton imports into Canada?

(2) Have price subsidies applicable to raw cotton imports been further reduced and do subsidies react in any way in disfavour of Peruvian shippers?

Observation regarding third objection, have suggested that Peruvians submit their re-draft of those Articles.

Please confer immediately with Department of Trade and Commerce and cable as soon as possible. Further details by next British courier.

1226.

DEA/10378-40

*L'ambassadeur au Pérou au secrétaire d'État aux Affaires extérieures*  
*Ambassador in Peru to Secretary of State for External Affairs*

DESPATCH 105

Lima, May 7, 1946

Sir,

CANADIAN-PERUVIAN TRADE AGREEMENT

I have the honour to refer to previous correspondence concerning the above subject, and particularly to my last despatch, No. 92, of April 29th.†

2. In that despatch I informed you of progress to that date and attached a memorandum† from Mr. William G. Stark, Commercial Secretary of this Embassy, as to his conversations with Mr. Juan Chavez D., Chief of the Commercial Section of the Ministry of Foreign Affairs. This memorandum reviewed the objections to the proposed treaty raised in an informal meeting of the Sub-Commission of Political Economy and Foreign Commerce of the Ministry of Foreign Affairs, and I am awaiting information from you as to these points.

3. As arranged, Mr. Stark got into touch with Mr. Chavez at the end of last week to inquire if a full meeting of the Sub-Commission had taken place and the results thereof. Mr. Chavez stated that the formal meeting had just been held and that if Mr. Stark would call on May 7th he would give him further particulars.

4. The Commercial Secretary consequently had a long discussion with Mr. Chavez this morning. The latter confirmed that the Sub-Commission in their formal meeting had raised the same objections as those tabled in Mr. Stark's memorandum of April 26th but as you already have these details I am not repeating them here. The following new facts emerged in today's conversation:

a). The Sub-Commission made an attempt to rewrite Articles II and III of the projected draft treaty without success. They found they could not agree on any text which would approximate the ideas contained in the present paragraphs with their desire to maintain complete freedom in allocating exchange or shares of the Peruvian market for goods to be bought from countries with whom their exchange position would be easier than it is at present in United States dollars. The Sub-Commission therefore wish to have these two Articles omitted from the treaty. Mr. Stark said he would report this and I would appreciate receiving your views.

b). Regarding cotton purchases, the Sub-Commission inquired if there were some way in which Canada would guarantee to buy certain quantities of Peruvian cotton annually. The actual amounts were not specified, although the Sub-Commission thought these might approximate those quantities imported in the war years. The returns of the Dominion Bureau of Statistics show imports into Canada of cotton from Peru as:

1941 .....	\$1,024,000
1942 .....	841,172
1943 .....	541,153

Mr. Chavez inquired again from Mr. Stark regarding his opinion as to why cotton sales to Canada had decreased so abruptly in 1944-45; imports in those years being small, and Mr. Stark informed him that the cotton trade stated this was due to prices but that this Embassy was seeking information on this point from Canada. I look forward to receiving your opinion on this matter as outlined in my despatch of April 29th.

c). The Sub-Commission also inquired if a special rate could be accorded to Peruvian sugar. In this connection it might be considered whether such a concession could be granted even if it were restricted to the entry of a definitely stated and limited quantity of Peruvian sugar, for example, say allowing the entry of 3000 tons of Peruvian sugar per annum at 10 or 20 percent below the present conventional rates. I observe from recent information that there is a dearth of sugar in Canada at present. Mr. Stark informed me that he had mentioned the question of sugar to responsible officers of his Department when he attended the Trade Commissioner Conference in Ottawa in November last, and that these officers stated that the sugar agreements might be revised shortly when consideration towards widening the scope of Canada's purchases would be given. I note, however, that the Dominican Republic already receives most-favoured-nation treatment and doubtless in the forthcoming proposed trade treaty negotiations with Cuba any concessions made regarding sugar to Peru would also be claimed by that Republic. As these two sources of supply are nearer Canada with consequently reduced shipping rates entailed, such a concession would likely be of more advantage to them and would therefore not improve Peru's position. Mr. Stark explained to Mr. Chavez our present system of sugar purchases under which a reduction of the conventional tariff would have little effect. He informed Mr. Chavez, however, that he would draw this matter to the attention of the Canadian Government and I should appreciate it if this question could be examined. Is it possible to phrase a concession in such a way that its benefits would not have to be extended to other countries who have most-favoured-nation agreements with us?

d). The Sub-Commission made further reference to the long list of items included in the schedules of Peru's treaties with the United States and the

United Kingdom. They would be interested to learn which of the goods enumerated therein could be supplied from Canada under present circumstances. Copies of these treaties are already in possession of the Director, Commercial Relations, Department of Trade and Commerce, and Mr. Stark is requesting that a survey of the supply position of those articles be made by his Department. Many of these goods are necessary articles in Peruvian economy and the Sub-Commission felt that they would like to examine whether certain purchases could be transferred to Canada without disturbing Peru's present exchange position unduly. Is there any possibility that the regulation of the Foreign Exchange Control Board requiring payment in United States dollars for Canadian merchandise exported to Peru will be amended in the near future?

5. In general the Sub-Commission felt that the Commercial Section of the Peruvian Ministry of Foreign Affairs should make more detailed studies of the factors involved in this treaty. Mr. Chavez told Mr. Stark that he had been recalled from Washington to re-organize the Commercial Section but that it would be a month or more before he had a staff to undertake this work. Mr. Chavez stated that he had tried to impress on the Sub-Commission that present international trade conditions were so unsettled and changeable that a study made now would have little bearing on the situation a few months hence. For this reason he suggested to Mr. Stark that the latter obtain as much information as possible to meet the more specific objections mentioned above and that once these were explained the Sub-Commission would be more favourably inclined.

6. Mr. Stark inquired informally of Mr. Chavez if the Sub-Commission had made any further objections to the length and form of the proposed treaty. (There had been reference to this in the previous non-official meeting of the Sub-Commission). Apparently, however, the chief objections centered around Articles II and III and were these omitted the rest of the form of the treaty seemed acceptable. Consequently Mr. Stark did not raise with Mr. Chavez the possibility of substituting the simpler *modus vivendi* form which, as you will recall, I suggested should only be resorted to if other negotiations failed.

7. Mr. Stark has agreed to provide Mr. Chavez with certain additional details which the latter requested and thus will continue to keep in touch with him. Meanwhile I am awaiting your reply to my cable of April 26th and my despatch of April 29th.

8. I attach an extra copy of this despatch which I would suggest your referring to the Minister of Trade and Commerce.

I have etc.

H. LAUREYS

1227.

DEA/10378-40

*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*

Ottawa, May 31, 1946

ATTENTION: S. D. PIERCE

I refer to our correspondence respecting the Canadian-Peruvian negotiations for a trade agreement. We have not yet completed the study of the schedules attached to Peru's trade agreements with the United Kingdom and the United States, but it is possible to comment on some of the other questions raised.

With respect to the Peruvian objections to Article II, it should be remembered that this article was drafted long before the Bretton Woods Conference. Since both Canada and Peru have now become adherents to the International Fund, we are of the opinion that Article II can be eliminated altogether. This seems to be in agreement with the Peruvian views and, as you know, neither of the trade agreements recently concluded with Mexico and Colombia included such an article.

With respect to Article III, we would suggest that the terms of similar articles in the Mexican and Colombian agreements could be substituted. The text of Article II in the Mexican agreement, which covers the same ground, is as follows.

Whenever the Government of either country proposes to impose or alter quantitative restrictions upon imports from the other country, or to allocate shares to the countries of export or change existing allocations, it shall give notice thereof in writing to the other Government and shall afford such other Government an opportunity to consult with it in respect of the proposed action.

It will be noted that the above article does not insist on a definite allocation of a share to Canada—but rather provides for consultation only.

If this substitution meets with the approval of our Peruvian friends, we should suggest also that a paragraph 3 should be added to Article VI as follows.

If agreement is not reached after due consultation as described above, either Government shall be free to terminate this Agreement in whole or in part on thirty days' written notice.

Dr. Laureys enquires if there is any possibility that the regulation of the Foreign Exchange Control Board requiring payments in United States dollars for Canadian merchandise imported into Peru will be amended in the near future. In this connection, we would point out that both the Canadian and United States loans to the United Kingdom (copies attached)† provide that within a year the United Kingdom will eliminate (with certain reservations

in "emergency" cases) its exchange control on current transactions. It would appear, therefore, that Peru will in due course be able to use its current receipts of sterling, at least in part, to pay for purchases from Canada. It should be mentioned also that the Articles of Agreement of the International Monetary Fund look toward the resumption of multilateral convertibility of different currencies on a wide scale. Accordingly, any long range outlook should be governed by these considerations.

Objection is made by our Peruvian friends that the concessions to be accorded by Peru to Canada are considered of greater value than those to be received from Canada due to the small number of Peruvian products exported to Canada. It is true that the number of Peruvian products normally imported into Canada is not large but their value has been in general higher than the value of Canadian products exported to Peru. Indeed in 30 odd years prior to the outbreak of war both Peruvian and Canadian trade statistics showed an excess of imports from Peru over exports to that country (see Table I attached).†

While wartime conditions resulted in sharp declines in Canadian imports of Peruvian petroleum and products, it is reasonable to expect that when world trade returns to its prewar pattern, Canadian imports from Peru will again reach and, we hope, surpass prewar levels.

It is possible that the concessions offered by Canada appear to be of less consequence than is actually the case because on many items of interest to Peru our tariffs are already low or do not discriminate against nations which do not now enjoy most-favoured-nation treatment. We hope to supply confirmation of this general statement through comparison of tariffs against Peruvian exports to Canada, United States and United Kingdom.

It is reasonable to expect that the extension of the most-favoured-nation rates to Peru and the abolition of the 3 percent excise tax will result in greater imports into Canada from Peru both in volume and in diversity. The fact that we already afford favourable treatment to imports from Peru does not seem to be a valid argument against this agreement.

Canada supports measures which conduce towards the expansion of world trade and the liberalization of commercial policy. In our recent treaty with Mexico we extended to that country the whole of our conventional tariff rates although we did not receive in return any tariff concessions or benefits which we did not previously enjoy and notwithstanding the fact that Canada has been buying more from Mexico than she has sold in Mexico. We confidently hope that our Peruvian friends hold views similar to our own regarding the importance of general expansive policies in respect of world trade.

Trade among Peru, Colombia and Canada is a good example of the triangular nature of many commercial transactions (see Table 2 attached).† Peru has an unfavorable balance with Canada (Col. 1) but a favorable

balance with Colombia. Colombia could not permit such a situation to persist—unless she in turn has a favorable balance with other countries. One of those countries is Canada. In fact Colombia's favorable balance with Canada is much greater than our favorable balance with Peru. Thus we contribute more than our "share" to Colombia's continued ability to accept an unfavorable balance in her trade with Peru. The statistics are summarized below.

	<i>Peru's Unfavourable Balance with Canada</i>	<i>Peru's Favorable Balance with Colombia (000's Soles)</i>	<i>Total of Peru's Balance with Canada and Colombia</i>	<i>Canada's Unfavorable Balance with Colombia (000's \$)</i>	<i>Soles (1)</i>
1939	2,673	444	2,229	(3,413)	18,466
1940	3,422	6,319	2,897	(8,413)	45,476
1942	8,893	14,912	6,091	(781)	4,624
1943	6,284	5,908	376	(3,683)	21,793
1944	7,499	17,046	9,547	(11,567)	68,443

(1) Canadian statistics converted at yearly average rates of exchange.

As to the extent and value of the concessions which Peru would extend to Canada in virtue of the exchange of most-favoured-nation treatment we have as stated not yet investigated the schedules attached to Peru's trade agreement with the United Kingdom and United States. In the present unsettled state of world trade and production we are inclined to believe that any such investigation at the present time would have but a limited and temporary significance. In general we should hope that the conclusion of this trade agreement would conduce to the orderly expansion of trade between the two countries in both directions. Nevertheless we see no reason to believe that the concessions that Canada gains would outweigh the advantage extended to Peru. It is reasonable to believe that the concessions extended by Peru to the United Kingdom and United States were carefully selected and adapted to the particular capacities of those countries. It should be noted that Canada enjoys in most of the other nations of Latin America treatment not less favourable than that extended to the United Kingdom and United States. In none of these countries do imports from Canada compete unfairly or show signs of becoming burdensomely excessive. It is not our anticipation that such will happen in the case of Peru. On the contrary we hope that elimination of the mutual discrimination which is unfitting to the friendly and cordial relations now existing between Canada and Peru will lay the foundations for co-operation on the economic side mutually profitable to both.

With respect to the question of cotton, neither the Canadian nor the Peruvian statistics reflect the total quantity of Peruvian cotton used in Canada, since some quantity of cotton and other products is imported via the United States and is not recorded in the Canadian statistics as originating

in Peru, nor as being destined to Canada in the Peruvian statistics (see Table 3 attached for partial explanation of discrepancies).†

We are informed by the Cotton Institute of Canada that this country has always used a quantity of Peruvian cotton on account of the special characteristics which make it particularly useful for certain purposes. When Peruvian cotton has been attractive from a price and supply standpoint, it has been imported into Canada in substantial quantities. For example, in 1941, 6,700,000 pounds were imported. An increase in the use of raw cotton in Canadian mills is looked for. The extent to which the use of Peruvian cotton will increase depends upon the competitive factors. The Canadian subsidy on cotton imports is paid irrespective of the country of origin. No discrimination whatever exists against Peruvian cotton, and Canadian importers are free to import from whatever source they wish on a purely competitive basis.

In Mr. Stark's memorandum to the Ambassador of April 26th,† it is mentioned that the Peruvian Sub-Committee consider that our insistence on the exception of the British Preferential rates from the operation of most-favoured-nation is much greater than the exception of contiguous country rates which is allowed to Peru. We are in agreement with the reply made by Mr. Stark in this connection. Perhaps in addition it could be pointed out that the proposals put forward by the United States as the basis of discussion at the proposed International Conference on Trade and Employment provide with regard to preference (a) that no new preferences will be introduced, (b) that no existing margins of preference will be widened, and (c) that any reductions that are made in most-favoured-nation rates will operate automatically to reduce the preferences. All the British countries have accepted invitations to attend the forthcoming conference. If this conference is successful, it is reasonable to expect that many margins of preference which now exist will be reduced or even wiped out. The reductions will only apply to the most-favoured-nation rates and not to the rates which now apply to countries subject to the general tariff. It is not impossible that the general rates might even be increased.

The Canadian Ambassador raises the question whether or not it would be possible to extend a concession to Peru on sugar in such a way that its benefits would not have to be extended to other countries entitled to most-favoured-nation treatment. This action would be contrary to Canadian policy of not granting exclusive advantages, and would in fact be contrary to both the spirit and the letter of all of our most-favoured-nation trade agreements. In any case Canada's present imports of sugar are governed by allocations determined by international agreement so that any special or exclusive tariff privileges which might be granted would not for the time being necessarily result in greater imports of Peruvian sugar into this country.

M. W. MACKENZIE

1228.

DEA/10378-40

*L'ambassadeur au Pérou au secrétaire d'État aux Affaires extérieures*  
*Ambassador in Peru to Secretary of State for External Affairs*

DESPATCH 173

Lima, July 6, 1946

CONFIDENTIAL

Sir,

## RE: CANADIAN-PERUVIAN TRADE AGREEMENT

I have the honour to refer to my despatch no. 160 of June 9th† on the above mentioned subject, and particularly to previous despatches on this same subject in which I reported on the difficulties encountered with Sr. Chavez, the chief of the Commercial Section of the Peruvian Ministry of Foreign Affairs, and the Sub-Commission of Political Economy and Foreign Commerce.

2. As stated in my despatch no. 160 referred to above, Mr. Stark prepared a letter for Sr. Chavez, embodying the information contained in the letter from the Deputy Minister of Trade and Commerce to the Under-Secretary of State for External Affairs dated May 31st forwarded under cover of your despatch no. 118 of June 7th.† Mr. Stark handed his letter to Sr. Chavez on June 15th. After discussing its various points with Mr. Stark on that occasion, Sr. Chavez promised that he would examine this letter at greater length and then give copies with which he had been provided to the members of the Sub-Commission.

3. As I informed you in my despatch no. 160 referred to above, the minister of Foreign Affairs, Dr. Enrique García Sayán, left Lima on June 2nd for Buenos Aires; he did not return until June 27th. My first opportunity of seeing him again was on Thursday, July 4th. Previous to calling on him, I asked Mr. Stark to telephone Sr. Chavez in order to find out what he, Sr. Chavez, had been able to do since his last interview with Mr. Stark in order to place the Canadian proposals before the Sub-Commission. Sr. Chavez's answer was most discouraging in that he frankly admitted that *nothing* had been done since his last conversation with Mr. Stark and that the latter's letter had not even been communicated to the various members of the Sub-Commission, let alone discussed by them.

4. I called on the Minister of Foreign Affairs in the afternoon and placed before him a copy of Mr. Stark's letter to Sr. Chavez together with a covering note of my own, of which I am attaching a copy.† As usual the Minister received me most amiably. I told him that nothing had been done by the Sub-Commission, and after I had once more discussed with him the various

objections raised by the Sub-Commission, he told me that he would take the matter up himself, that he hoped to have the treaty signed and would call upon me again as soon as possible. For this I thanked him and took leave after again repeating to him the valid reasons for which we are eager to sign this agreement with Peru.

5. What the ultimate outcome will be, I cannot say. However, I must inform you that I consider that this should be my last approach to the Peruvian Government concerning our treaty. I have realized for a long time that whenever Cabinet Ministers are approached, and even Presidents, one receives a smile and an answer to the effect that they are most desirous of seeing Peru sign a trade agreement with us and that they would like this to be brought about in as short a space of time as possible. However, no one really attempts to carry out their good intention. The matter is referred to Government officials and committees which are composed of indifferent people with no real knowledge of economics and who work at a very slow rate. They are most polite but do not appear to understand the question of international trade relations in the liberal way in which these are visualized by advanced countries. They think only of their own personal and immediate advantages, indicative of a narrow-minded mentality and not favourable to profitable expansion of trade. It is therefore my considered opinion that for the time being at least, no further steps should be taken at this end. We should wait and see what the Peruvian Government will do.

6. I might add that today Sr. Chavez left Lima to return to the Peruvian Embassy in Washington as Minister-Counsellor. The Foreign Minister has told me that he may return to Peru in a month or so but that this is not certain. When I remarked to him that, this being the case, I should consider that the matter under consideration would be indefinitely postponed, he reassured me by saying that the work would go on, (I now understand what is meant by that expression) and again repeated that he was desirous of signing this agreement as soon as possible.

7. I sincerely regret that I have no especially favourable information to report, but hope that you will understand the very difficult circumstances under which we are working here. When everything appears to be settled and success near at hand, some new factor appears which makes it necessary to start everything all over again.

8. I shall keep you informed of further developments.

I have etc.

H. LAUREYS

## PARTIE 16 / PART 16

## POLOGNE / POLAND

1229.

DTC/Vol. 953,T71517

*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*

SECRET

Ottawa, March 11, 1946

Dear Dr. Clark,

In reply to your letter of February 22nd† about the possibility of a Canadian loan to Poland, my views of the four questions you raised are as follows:

(1) *The political risks involved in a loan to Poland this year.*

(2) *The extent to which Canada has a general interest in the future of Western Europe which would be furthered by such a loan.*

The object of extending credits to Poland is to assist in the economic recovery of the country. Hence if Poland remains completely in the sphere of Soviet influence, the credits would operate to our disadvantage if our interests and those of the Soviet were in conflict. The credits would operate to our advantage if there is no conflict of interest or if the credits enable Poland to become a viable and independent country with its windows open both to the East and the West. The granting of assistance through credits would strengthen the majority of the Polish people, who do, I think, seriously and passionately believe that their country must retain its political and economic independence.

Whether Poland will remain under Soviet influence and whether our interests and those of the Soviet will clash are unanswerable questions but I believe we have more to gain politically than to lose by extending credits. I do not feel, however, that our political interests are sufficiently great to override our own economic and financial considerations.

Since a Canadian credit would be insignificant in relation to Poland's requirements, I do not think our action would by itself be important either materially or psychologically. If the United States does not grant substantial assistance, we have nothing of consequence to gain in granting a Canadian credit.

(3) *The action taken and likely to be taken by the United States in regard to loans to Poland.*

I attach copy of teletype WA-1068 of March 6th† from our Embassy in Washington which I think fully answers your question.

(4) *The means by which any Canadian action in this matter could be concerted with that of the United States.*

I feel that while our action should be largely determined by the action of the United States it need not be concerted with that of the United States. The United States would not make their course dependent on our cooperation so I see no reason why we should commit ourselves. It would be enough, I think, to have Mr. Ritchie informally advise his contacts in the Export-Import Bank of the Polish request on us and of our intention not to deal with it until the United States-Polish negotiations are concluded.

Yours sincerely,

N. A. ROBERTSON

1230.

DEA/837-40

*Mémoire du sous-secrétaire d'État adjoint aux Affaires extérieures  
au sous-secrétaire d'État par intérim aux Affaires extérieures*

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

[Ottawa,] May 16, 1946

POLISH ART TREASURES IN CANADA

Dr. Bielski came to the Department. He said that Dr. Fiderkiewicz realizes he cannot make an official approach but desires to make an urgent request of the Canadian Government.

Dr. Fiderkiewicz has received information that the persons in Canada who have in their custody art treasures of Poland sent to Canada in 1939 are preparing for these treasures to be moved or hidden, and that the Polish Government would be grateful if the Canadian Government would take such action as would prevent the art treasures being moved from where they now are without the approval of the Canadian Government.

He stated that the treasures consisted of 16th Century Tapestries, 12th Century swords and other arms and armour and Paintings; and that these articles are at The Experimental Farm and National Art Gallery in Ottawa, at the Toronto Museum, and at the Redemptorist Monastery at Ste. Anne de Beaupré. Dr. Bielski said that the treasures are known to him to be at these places but that other treasures might be elsewhere in Canada.

The treasures were before the war in castles and museums in Warsaw and Cracow. The Wawel Castle was mentioned in particular.

Mr. Beaudry said that the information conveyed by Dr. Bielski that there are in Canada art treasures belonging to the Government of Poland was new to him. In response to questions, Dr. Bielski said that these articles are priceless in value and of great historic interest and were sent out of Poland in 1939, some via Roumania, some via The Baltic, and he assumes that the pre-war Polish Government placed them in the care of the then Consul General of Poland in Canada.

Mr. Beaudry stated that he would report the conversation to the Acting Under-Secretary and that we would have to consider carefully whether the Canadian Government could assume any responsibility.

Aside from Canadian Government responsibility it may be difficult to determine custody, identification, an inventory and the exact location of known and unknown articles.

*Later*

The attached file No. 837-40C contains a letter dated July 11th, 1940,† from Mr. Podoski, Consul General of Poland, asking for free entry for "Polish National art treasures from the Wawel Royal Castle in Cracow, including the famous Arras tapestries of the Kings of Poland—these under the care of Mr. Zaleski" which, in a Polish ship, arrived in Canada in July, 1940.

The Commissioner of Customs letter of July 16th, 1940,† accords free entry and adds: "The goods being entered as the property of the Polish Government and to remain their property".

BEAUDRY

1231.

DEA/9396-40

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

*Acting Under-Secretary of State for External Affairs  
to Deputy High Commissioner of Great Britain*

CONFIDENTIAL

Ottawa, June 11, 1946

Dear Mr. Holmes,

I should like to refer to your letter of May 27 1946† (your file 975H/412), regarding relief for Polish refugees in Canada.

2. I have just been advised by the Under-Secretary that he has discussed this problem with members of the United Kingdom Interim Treasury Committee in London.

3. Mr. Robertson told them that there was no possibility of the Canadian Government taking over responsibility for the relief payments to Polish refugees in Canada now being made through your office. This would seem to dispose of the principal question raised in your letter of April 12, 1946.†

4. Mr. Robertson explained to the Committee that in Canada the responsibility for direct relief and assistance to unemployables rested on the local authorities. As most of the Polish refugees have by now been living in Canada for five or six years, it is probable that they have become eligible for municipal relief if they are in need of it.

5. In view of the above, it is no longer necessary for us to have information regarding the 450 Polish refugees in Canada who are not now drawing

relief from your office. I think, however, that it would still be desirable for us to have full details regarding the 50 Poles who are drawing relief. When we have that information we will, if you see no objection, consult the Department of National Health and Welfare as to the best means by which particulars of these cases could be brought to the attention of the local relief and welfare authorities.

Yours sincerely,

H. H. WRONG

1232.

DEA/9396-40

*Mémorandum de la direction juridique au chef, la direction juridique*

*Memorandum from Legal Division to Head, Legal Division*

SECRET AND IMPORTANT

[Ottawa,] July 23, 1946

RE: POLISH STATE GOLD IN CANADA

On June 18th the Polish Minister wrote us as follows:

The gold reserves belonging to the Polish State were brought to security soon after the outbreak of war and were deposited in various allied countries. One of these countries was Canada. The value of the Polish gold deposited in Canadian Banks amounted to \$70,490,000 zlotys in gold.

As the above deposit was made only for the duration of the war, my Government wishes me to inform Your Excellency of its intention to reclaim now this gold. In this connection I should be most obliged if you would kindly facilitate my approach to persons in charge of the Polish gold in Canada and thus enable me to discuss the methods by which the gold would be restored to Poland.

2. On June 24th we sent an interim acknowledgement to the Minister in these terms:

I am in consultation with the interested branches of the Canadian Government and shall send a further reply to your note as soon as possible.

In the meantime I should be grateful for as much information as you can give regarding the present status of the Bank Polski, or Bank of Poland, in whose name most of the Polish Gold in Canada is held.

3. The Bank of Canada informed us that it is holding 12,371.410 fine oz. of gold for the Polish Government and 382,536.851 fine oz. gold for the Bank Polski. The Bank of Canada is also holding a Canadian dollar balance in the name of the Bank Polski amounting to \$17,295.74.

4. The Department of Finance inform us that neither the former Government nor the present Polish Government owes any money to the Canadian Government.

5. We made inquiries in Washington and were advised that the Federal Reserve Bank of New York is holding about \$40,000,000 worth of gold in the name of the Bank Polski, that the latter has been negotiating for the eventual transfer of the gold to Poland, and that decision on this request will be taken on a high level.

6. We consulted the Dominions Office and were told that the Bank Polski has not been taken over by the Polish Government and that its constitution is unchanged. Dominions Office said that Article 4 of the financial agreement between the United Kingdom and Poland signed on June 24th, 1946, provided for the eventual release of the gold held by the Bank of England for the account of the Bank Polski. However, this agreement will not be ratified until certain conditions with regard to the Polish elections have been met. The Dominions Office concluded by saying that it would be of assistance if the Canadian Government would continue to delay the release of Polish gold in Canada.

In the letter to us of June 27th the Bank of Canada said:

If we were to receive properly authenticated instructions from Bank Polski to make a payment out of their dollar balances we would be obliged to comply. We have never, however, undertaken to buy or sell gold, but we might be in a very difficult position if Bank Polski should give us properly authenticated instructions to transfer gold to one of the chartered banks in Canada. No commitment has ever been given to Bank Polski that the gold held for them would be freely exportable, and if instructions were received to ship gold to New York or elsewhere it would be possible for the Canadian Government to refuse to grant an export permit.

I find this statement a little puzzling.

7. Perhaps we will have to find out the precise condition on which the Bank of Canada originally accepted the gold from the Bank Polski.

8. The Deputy Minister of Finance in a letter on July 2nd said in part as follows:

Our position, with regard to this request, differs from that of the United Kingdom in that neither the present government of Poland nor the former government are indebted to the Government of Canada. Hence it appears that the Bank of Canada would be bound to act upon the instructions of properly authorized persons with regard to both the gold held for the account of the Government of Poland and the gold held for the account of the Bank of Poland and that the Government of Canada as a matter of good faith would not be justified in putting obstacles in the way.

As regards the gold held on behalf of the Government of Poland there does not appear to be any difficulty. As the Government of Canada has recognized the present Government of Poland, the Polish Minister being the accredited representative of that Government, would, I should think, be the proper person to give instructions.

As regards the gold held on behalf of the Bank of Poland the position is not so clear but here again if instructions were received by persons properly authorized by the Board of Directors of that Bank I should think that the Bank of Canada would be bound to act on them.

#### 9. COMMENTS:

(a) Leaving aside the request from Dominions Office that we should delay the release of the Polish Gold, there would be no difficulty in informing the Polish Minister that the gold held by the Bank of Canada for the Polish Government is recognized as belonging to the present provisional Polish Govern-

ment. Nor would there be any difficulty in telling him that the gold held for the Bank Polski is recognized as still belonging to the Bank Polski; it is open to the Bank Polski to deal direct with the Bank of Canada in a normal manner as between State Banks.

(b) It is necessary to obtain a decision as to whether we will meet the request of the United Kingdom Government to delay releasing the Polish Gold. I cannot at present think of any grounds on which we could justify to the Polish Government delaying the release of the gold for the political reasons which govern the policy of the U.K. Government in this matter.

(c) If we decide to refuse the request of the Dominions Office, the next question is whether to anticipate the request that the Bank Polski will undoubtedly make to the Bank of Canada to allow the gold to be exported from Canada, probably to Poland. It may be necessary to discuss this point with the Bank of Canada and with the Deputy Minister of Finance. It may well be that the legal obligations of the Bank of Canada to the Bank Polski merely extend to recognizing the Bank Polski as the owner of the gold and that there is no obligation to allow the gold to be exported from Canada on the order of the Bank Polski. However, I cannot see what advantage there can be to the Canadian Government in refusing to allow the Bank Polski to return the gold to Poland.

(d) I would suggest that you might discuss this matter with the Acting Under-Secretary in order to decide where we go from here. We can, of course, wait until we get a further note from the Polish Minister but I cannot see much advantage in that.

M. W[ERSHOF]

1233.

DEA/9396-40

*Mémoire du chef, la deuxième direction politique, au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Head, Second Political Division, to Acting Under-Secretary of State for External Affairs*

SECRET

[Ottawa,] August 1, 1946

POLISH GOLD IN CANADA

1. The Legal Division has sent me the attached memorandum of July 26<sup>†</sup> so that I might attach my comments before sending it to you.

2. The Legal Division asks for political guidance on the question whether the bank should postpone payment in the light of the request made of us by the United Kingdom Government. Mr. Marble and Mr. Hopkins could not themselves see any reason why the bank should withhold payment at the request of the United Kingdom Government, there being no outstanding indebtedness owing from the Polish Government to Canada.

3. The request of the United Kingdom Government is contained in D.O. telegram No. 121 of July 11,† and in this telegram reference is made to D.O. circular D.652 of June 26† and circular D.297 of July 2.†

4. The comment of the Legal Division seems to be based upon the impression that the United Kingdom is withholding ratification of their financial agreement, which also provides for the release of Polish gold held in the Bank of England, until the Polish Government has paid its outstanding indebtedness to the United Kingdom. The telegrams, however, make it clear that the reason why the United Kingdom is withholding ratification is not this, but in order to put pressure on the Polish Government to carry out the obligations of free elections which the Polish Government undertook as the condition of recognition by the United Kingdom Government. The text of the United Kingdom note to the Poles on this subject is given in telegram D.297.

5. While, so far as I know, the Canadian recognition of the new Polish Government was not expressly connected with the undertakings of that government to hold free elections, the Canadian recognition was consequent upon Poland undertaking those obligations.

6. The specific request made by the United Kingdom Government is that it "will be of assistance if the Canadian Government would continue to delay the release of Polish gold in Canada".

7. My feeling is that we should accede to this request of the United Kingdom Government. No immediate action on our part is necessary since we still have to wait for a reply from the Poles to our note of June 24.† However, when this reply comes in, I think we ought to pursue delaying tactics as long as possible.

E. R[EID]

P.S. I attach copy of a memorandum which you prepared on July 9, 1945, on the subject of the form of our recognition of the Warsaw government. In this memorandum you point out that it is not correct to imply from the form of our recognition that the United Kingdom and United States recognitions had been conditional on the holding of free Polish elections whereas our recognition had been couched in broader terms.<sup>1</sup>

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

The amount involved is nearly \$14 millions. We could use it as a counter in bargaining between the UK and Poland on their own financial relations, but I see no good *political* argument for our getting ahead of the U.S. Government (There may be special problems, however, re credits and supplies between U.S. and Poland, apart from the political reasons arising from the U.S. partnership in the Yalta pledge). Before we accede to or refuse a Polish request for release and export the matter should be considered by the S[ecretary] of S[tate] for Ex[ternal] Aff[airs]. Although Canada is not a party to the Yalta pledge, it was one of the reasons leading to our recognition of the provisional government.

H. W[RONG]

1234.

DEA/837-40

*Le secrétaire d'État aux Affaires extérieures au ministre de Pologne*  
*Secretary of State for External Affairs to Minister of Poland*

No. 15

Ottawa, August 2, 1946

Excellency,

I have the honour to acknowledge your Notes of June 21st† and July 10th, 1946,† concerning the Polish art treasures transferred to Canada from Poland in July 1940.

2. Careful consideration has been given to this question in the light of the facts outlined in your Notes referred to above and of informal conversations between Dr. Bielski and officers of this Department. The position of the Government of Canada in this matter is set out below:

3. As a convenience to the Polish Legation, the Government of Canada agreed that the Polish art treasures which were brought to Canada in July 1940 should be deposited in the Records Storage Building at the Central Experimental Farm. At that time, although space was made available for the storage of the treasures, no responsibility was accepted by the Government of Canada for their safekeeping and, indeed, access to the treasures had [been] given only to Messrs. Zalewski and Polkowski, who had brought them to Canada.

4. From the original date of storage at the Central Experimental Farm until May 1946 the Government of Canada had no access to the Polish art treasures. In your Note under reference, however, you state that in the Spring of 1945 some of the treasures were removed from the Records Storage Building and delivered to the various points listed. This disposition of a portion of the Polish art treasures in Canada was not made at the instigation or suggestion of the Government of Canada, nor was the Department of External Affairs informed of the fact that the removals had taken place.

5. On May 22, 1946, instructions were issued by the Government of Canada for the placing of a new lock on the door of the room in the Records Storage Building where the remaining Polish art treasures were located. The key to this lock was placed in the possession of the Department of External Affairs and since that time this Department has not granted access to the room to any but government officials, nor has it permitted any of the contents to be removed.

6. As a further convenience to the Polish Legation in Canada, and without accepting responsibility in the matter, the Department of External Affairs undertook, in the third week of May, to communicate with the various com-

panies and institutions where, according to Dr. Bielski, certain Polish art treasures had been stored. In reply to our enquiries, we were advised as follows:

(a) The Bank of Montreal confirmed that it was holding in safekeeping two locked steamer trunks which, according to Mr. Stanislaus Zalewski, were property belonging to the Polish State;

(b) The Monastery of the Redemptorist Fathers at Ste. Anne de Beaupré, Quebec, stated in their reply of May 31, 1946, that they were not holding in storage any "objet d'art de valeur historique appartenant à l'État polonais";

(c) The Monastery of the Precious Blood, 774 Echo Drive, Ottawa, advised on May 29th that they held no effects belonging to the Polish State, but they had stored some six or seven months ago some trunks containing the private possessions of certain Polish refugees. These trunks had recently been reclaimed by their owners;

(d) The Capital Storage Company of Ottawa wrote on May 28, 1946, to the effect that they had nothing in storage for the Polish Government but that they were holding personal effects for Mr. and Mrs. Roger Raczynski, Mr. and Mrs. Edward Raczynski, and Dr. S. Raczynski.

7. The Government of Canada sympathizes entirely with the desire of the Legation of the Republic of Poland to recover the art treasures belonging to the Government of Poland and is prepared to give possession, to the duly authorized representative of the Polish Legation, of any such articles now in storage at the Records Storage Building. The Government of Canada does not feel, however, that it can accept responsibility in assisting the Legation of the Republic of Poland to secure possession of treasures which may have been stored by private arrangement in other than government buildings. It is the view of the Canadian Government, moreover, that such art treasures as are now stored in the Records Storage Building should be removed by the Polish Legation at as early a date as may prove convenient.

8. The Canadian Government is prepared to permit the Legation of the Republic of Poland to continue to use the storage space already at its disposal in the Records Storage Building until satisfactory alternative arrangements can be made for the transfer of the treasures to other accommodation suitable for the purpose.

Accept etc.

H. H. WRONG  
for the Secretary of State  
for External Affairs

1235.

DTC/Vol. 953, T71517

*Mémorandum du directeur, la direction économique, le ministère des Finances*  
*Memorandum by Director, Economic Division, Department of Finance*

Ottawa, September 5, 1946

## RE: CREDIT TO POLAND

On Dr. Clark's instructions, I called the Polish Minister this morning and found he was out of town. Later Dr. Bielski, First Secretary at the Polish Legation, called me back to say the Minister was away, and asked if there was any message he could give him. I told him that Dr. Clark, before going away for some weeks, had asked me to inform the Polish Minister that the request of Poland for a credit had been taken up with Mr. Abbott, the Acting Minister of Finance, who had told Dr. Clark to inform the Poles that the Government would not be prepared to grant a credit to Poland at the present time. I went on to explain to him that the Canadian supply situation was so tight and the credit commitments already undertaken by the Government so large that they have not been willing to make any additional commitments as to credits in recent months. Dr. Bielski said that they understood the difficulty of the supply situation at the present time. He asked me whether I thought it would be any use to raise the matter again before the winter. I said that I saw no harm in their bringing it up again during the autumn if they so desired. I said that we were aware of the urgency and importance of Poland's need for credits. I told Dr. Bielski that Mr. Ilesley himself had been in Poland and Warsaw recently and had been very much interested and impressed with what he had seen there. Dr. Bielski said that they had noticed in the press accounts of Mr. Ilesley's visit to Poland, and that they were very glad he had been able to see at first-hand some of their problems and circumstances.

R. B. BRYCE

1236.

DEA/9396-40

*Mémorandum de la direction économique*  
*Memorandum by Economic Division*

[Ottawa,] October 16, 1946

## RELEASE OF BANK OF POLAND GOLD

The Bank of Canada has received a properly authenticated request from the Bank of Poland to release, for shipment to Poland, gold which the Bank of Canada has held for the Bank of Poland since early in the war. The amount involved is some \$13,000,000.

I understand that the Polish instructions are completely in order and there are no legal grounds on which we can refuse.

On July 11th, 1946, the United Kingdom Government stated that "it would be of assistance if the Canadian Government would continue to delay release of Polish gold in Canada." The United Kingdom Government has been delaying release of similar Polish gold in London, chiefly as economic pressure to try to ensure satisfactory elections in Poland as laid down in the Yalta Agreement.

There is also some Polish gold in the United States. The State Department had been delaying its release for similar reasons. However, we understand that the Poles stated that they wished to use these funds for the Polish contribution to the World Bank, and the State Department told us in July that under these circumstances they might have to agree to release them. We have not been informed that the State Department has actually released this gold, but it has recently restored a substantial Export-Import Bank credit to Poland. While recognition of the Provisional Polish Government in fact resulted from the Yalta Agreement, Canada was not a party to this Agreement. Under the circumstances, and in view of the recent United States loan to Poland, there is probably no reason why we should put political difficulties in the way of the Bank of Poland claiming gold which is legally theirs. In any case, the amount involved is too small to affect Polish Government management of their elections.

Mr. Graham Towers is anxious to give the President of the Bank of Poland and the Polish Finance Minister a favourable reply before they leave Ottawa this afternoon.

To do this may cause some flurry in London and Washington, but under the circumstances we should, I think, tell Mr. Towers that we have no objections to his going ahead as he proposes. We would then inform London and Washington post facto.<sup>1</sup>

The Department of Finance agrees.<sup>2</sup>

<sup>1</sup>Note marginale:

<sup>1</sup>Marginal note:

Please do this. L. B. P[EARSON]

<sup>2</sup>Les notes suivantes étaient écrites sur ce mémorandum:

<sup>2</sup>The following notes were written on the memorandum:

I telephoned Mr. St. Laurent about this matter and he agreed to the return of the Polish gold. He then telephoned the Prime Minister, who had no objection to this course. L. B. P[EARSON]

I phoned Mr. Towers and told him the Government had no objections to put in the way of release. A. C. S[MITH] 16/10

1237.

DEA/9396-40

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

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

TELEGRAM 2094

London, October 22, 1946

SECRET. Your telegrams No. 1806 and No. 1807 of 17th October†, Polish gold.

Information contained in your telegrams has been communicated informally to the Foreign Office. Their preliminary view before consulting Treasury is that we had no alternative except to return the gold in view of the legitimate nature of the request and the precedent of the United States loan. I think, however, that they regret this necessity to return the gold arose, as they are obviously wedded firmly to the policy of concerting with the Americans in exerting the greatest possible pressure at the present time on the Poles.

1238.

DEA/9396-40

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

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

975H/412

Ottawa, December 21, 1946

Dear Mr. Pearson,

Mr. Garner told you in his letter of the 19th October† that the United Kingdom authorities were very anxious to reach an end of the present arrangements for providing relief to certain Poles in Canada through the operation of the Interim Treasury Committee for Polish Questions and hoped that it might be possible for the Canadian Government to agree to arrangements whereby support from the Committee for this purpose would no longer be required. The United Kingdom authorities were anxious to withdraw support from the Committee as from the end of 1946. As, however, it was understood that the Canadian authorities had not been able to reach final conclusions on this subject, I recently made the suggestion to London that it might be convenient if withdrawal of support from the Committee could be postponed for, say, a month until the 31st January.

I am now writing to let you know that the United Kingdom authorities agree that in the circumstances withdrawal of Interim Treasury Committee support should be postponed until the 31st January, 1947. They have, however, asked me to make it clear that they would feel unable to agree to any further extension beyond this date.

The United Kingdom authorities have also asked me to arrange for suitable notice to be given to the Polish representatives concerned here. I should be glad to arrange for consultation with your Department as to the terms in which this notice should be given.

Yours sincerely,

A. CLUTTERBUCK

1239.

DEA/837-40

*Mémorandum du chef, la première direction politique*

*Memorandum by Head, First Political Division*

CONFIDENTIAL

[Ottawa,] December 26, 1946

POLISH ART TREASURES

I asked Dr. Bielski of the Polish Legation to call on me on December 23rd with a view to discussing the question of the Polish Art Treasures. I reminded him of his request for information as to when a reply would be available to the Polish Minister's note and said that we were now in a position to send a reply. I added that I thought it would be useful if we could discuss the question informally before the reply was sent.

I told Dr. Bielski that we had made very little progress. I said that we had made inquiries concerning the present location of the art treasures and that we had asked people whom we thought might know. We had, however, in every case received a negative response. It was my opinion that these replies had been truthful ones. I said I thought that it was even probable that Mr. Polkowski did not have precise information where the treasures were located.

I said to Dr. Bielski that I thought we should consider informally what the next step should be. The Polish Legation might, if it wished, secure legal advice and then proceed to the courts. It could lay charges against persons in whose care Polish State property had been left, if there was evidence that these people had wrongfully disposed of the property. They could bring action for the recovery of material which they claimed belonged to the Polish State, if they could discover where the material was located. I suggested that if such legal action were taken and this Department were called upon to pro-

vide information to the courts, we would be prepared to state what our records showed. This was that Mr. Padoski, as Representative of the Polish Government, had brought to Canada in 1940 certain articles which he claimed were the property of the Polish State. These articles had subsequently been deposited in a government building. The articles had later been removed from the government building by the representatives of the Polish State who had deposited them there. The Canadian authorities had surrendered to the representatives of the new Polish Government any Polish property which remained in Government buildings.

I made it clear that the Polish Legation would have to take this action on the advice of its own legal counsel, and that the Department itself would not feel in any way obliged to bring legal action. I suggested that the Legation should consider very carefully with its legal adviser what the effect of the legal action would be.

I asked Dr. Bielski what motives he thought the Poles, who were now hiding these articles, had in doing so. He said that he thought it possible that certain individuals might be rewarded by being given particular items on which they could later realize funds. On the whole, however, he seemed to think the greatest danger lay in the possibility that harm would come to the art treasures through damage occasioned by improper storage. I then asked him what he would think of a proposal by which the articles would be restored to the Polish Legation on the understanding that they would be put on display in Canada for a period of years. I said that the Canadian public had some interest in the collection in view of recent publicity. It was possible, on the other hand, that the persons who now held the treasures rightly or wrongly, felt that conditions in Central Europe were uncertain and would be satisfied if they felt the treasures would be kept safe until such time as greater stability had returned to Europe. Under such arrangement, the National Gallery might be asked to take charge of the material in Canada for a period of time agreed upon. It might be possible to arrange for a small collection of Canadian paintings to be shown in the Gallery in Cracow from which these treasures had come.

Dr. Bielski responded to this suggestion with evident enthusiasm. He reminded me that the original note which the Polish Legation had addressed to us on this subject suggested that the Minister would like to put the material on display in Canada. He said that they would be glad to have the treasures stay here "for a long time". They would be pleased also if some reciprocal exhibition could be arranged.

I told Dr. Bielski that we should perhaps both think over this suggestion and that I would get in touch with him later. It was agreed that in the meantime we should not answer the Polish Minister's note on this subject.

R. G. RIDDELL

## PARTIE 17 / PART 17

## PORTUGAL

1240.

DEA/72-AHK-40

*Le bureau du Conseil privé au président, Trans-Canada Air Lines**Privy Council Office to President, Trans-Canada Air Lines*

Ottawa, June 5, 1946

Dear Mr. Symington,

## AIR AGREEMENT WITH PORTUGAL

You will recall that in Bermuda last December the U.K. representatives undertook to ascertain on our behalf whether the Portuguese government would be prepared to enter into an aviation agreement with us, and if so, what form of agreement would be most likely to be acceptable.

Since that time a Canadian Consul has been appointed in Lisbon and has apparently taken part in discussions at the British Embassy in Lisbon on this matter. Through him we have learned that the British Embassy has informed the Foreign Office in response to its direction on this matter that it would like further and clearer instructions as to the Canadian requirements before taking the matter up with the Portuguese government. You will note that the U.K. government itself has not passed this information on to us; it has been received through our representative, but presumably we will hear from the U.K. on this matter in the near future.

In view of the long delay in getting any action through the U.K., I would be inclined now to take the matter up through our own Consul who could continue to work in cooperation with the U.K. Embassy. I would be glad to have your views on this.

In addition it may perhaps be advisable to communicate some definite instructions or proposals. There would appear to be three courses which we might follow.

1. We could merely ask permission of Portugal to make use of the Azores or Lisbon in the event that TCA has to make a non-traffic stop there on occasions when the alternate southern route is used by TCA. This would not require any bilateral agreement and could be accomplished simply and rapidly by an exchange of notes.

2. We could go a step further and suggest that Canada and Portugal exchange the two freedoms. This too would be a relatively simple matter and would not require any lengthy bilateral agreement.

3. We could conclude a bilateral agreement exchanging the first four freedoms and perhaps including the formula which we propose to try out on Newfoundland and which leaves the door open for the carriage of fifth free-

dom traffic later, (i.e. some such phrase in relation to traffic rights as, "and may also carry such additional traffic as may be requested by the government of Portugal").

The Canadian Consul suggests that if we expect any traffic requirements in Portugal in future years it would be preferable to conclude an agreement now rather than waiting; this argument is based on the apparent readiness of Portugal to enter into almost any bilateral aviation agreement at present.

My own preference at the moment would be to prepare a draft bilateral agreement based on the four freedoms and to send it to our Consul as the sort of thing we would like to have. Before speaking to Mr. Howe on this matter, however, I would like to have your comments.

Sincerely yours,

J. R. BALDWIN

1241.

DEA/72-AHK-40

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

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

DESPATCH 55

Ottawa, July 11, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to your despatch No. 41 of May 20th† concerning the proposed bilateral civil aviation agreement between Canada and Portugal.

The question of concluding such an agreement was originally brought up at the Bermuda Conference in December 1945, at which time the United Kingdom representatives at this Conference undertook to ascertain on our behalf whether the Portuguese Government would be prepared to enter into an agreement with us and, if so, in what form the agreement would be likely to be acceptable. We now consider that it would be advisable for you to proceed with this matter in co-operation with the United Kingdom Embassy officials in Lisbon.

Accordingly we are forwarding two copies of a draft of a proposed agreement† which represents a model of what we would like to have and which can be used as a basis on which to proceed with discussions with the Portuguese authorities. This draft provides for the exchange of the first four Freedoms and is based on the standard Chicago formula as modified by our Bermuda agreement with the United Kingdom. You will note, however, that we have in the Annex of this draft agreement specified the grant of Freedoms

1 and 2 in a separate clause to that granting Freedoms 3 and 4. This has been done since Portugal is not at present a party to the Transit Agreement (Two Freedoms).

Will you therefore please take up in co-operation with the United Kingdom Embassy the question of this agreement with the Portuguese authorities. I may add that we are also making available a copy of the draft agreement to the United Kingdom authorities as they have been handling the matter for us up to the present.

I am etc.

SYDNEY D. PIERCE  
for the Secretary of State  
for External Affairs

1242.

C.D.H./Vol. 97

*Mémoire du secrétaire adjoint du Cabinet au ministre  
de la Reconstruction et des Approvisionnements*

*Memorandum from Assistant Secretary to the Cabinet  
to Minister of Reconstruction and Supply*

Ottawa, October 23, 1946

CIVIL AVIATION AGREEMENT WITH PORTUGAL

We have now reached general agreement with Portugal on all major points and if you approve, instructions would be forwarded to the Canadian Consul General in Lisbon to complete the negotiations and sign the agreement on our behalf.<sup>1</sup>

The main points of the agreement are as follows:

1. Exchange of third and fourth freedom rights to be exercised by Portugal at Montreal and to be exercised by Canada at the Azores and/or Lisbon.

2. The Canadian air service to make a compulsory stop at Lisbon on any flights crossing the mainland of Portugal; this is no handicap to Canada since our flights will run directly from the Azores to the United Kingdom and will not cross the Portuguese mainland.

3. No clauses in the Annex in respect of frequencies, capacity or rates, but a general clause stating that if the Portuguese government should decide to operate a service, the Annex may be amended at the request of either party by the insertion of clauses covering frequencies and rates along the

<sup>1</sup> L'accord fut signé à Lisbonne le 25 avril 1947. Voir Canada, *Recueil des traités*, 1947, N° 12.

<sup>1</sup> The agreement was signed in Lisbon on April 25, 1947. See Canada, *Treaty Series*, 1947, No. 12.

lines of the clauses in the present agreement between Portugal and the United Kingdom, (which are generally similar to those in our agreement with the United Kingdom).

J. R. BALDWIN

PARTIE 18 / PART 18

UNION SOVIÉTIQUE / SOVIET UNION

1243.

DEA/6226-40

*Le secrétaire d'État aux Affaires extérieures  
à l'ambassadeur en Union soviétique*

*Secretary of State for External Affairs to Ambassador in Soviet Union*

DESPATCH 32

Ottawa, January 31, 1946

SECRET

Sir,

I refer to my telegram No. 222 of October 21st and my despatch No. 1200 of October 17th on the subject of our difficulties with the U.S.S.R. over terms of credit, and over contracts for industrial equipment which was to have been provided under Mutual Aid but which the U.S.S.R. undertook to pay for if delivery took place after the cessation of Mutual Aid.

Our early difficulties arose because the U.S.S.R. refused to pay the full contract price of approximately \$25,000,000 for the industrial equipment delivered, or to be delivered, after the cessation of Mutual Aid. This difficulty was finally overcome through an arrangement whereunder we sold to the U.S.S.R. at a substantial reduction other equipment, chiefly flat cars, requested as Mutual Aid prior to the end of the war for which equipment the U.S.S.R. had no obligation to pay. This equipment cost \$7,500,000 and was sold for \$2,000,000. Considering the two transactions—one for industrial equipment and the other for flat cars—as one, the result was that the U.S.S.R. agreed to pay approximately \$27,000,000 for goods which cost the Canadian Government about \$32,500,000. The Russians considered that the reduction applied on industrial equipment. We applied the reduction against the flat cars, which was reasonable since the cars had been made to U.S.S.R. specifications and were only of scrap value to us. The Russians, in addition, agreed that they would forego any benefits that might be obtained through the re-negotiation of the contracts for industrial equipment. Such benefits, probably substantial, will accrue to the Canadian Government.

We considered the settlement a generous one and made it in the hope that it would ease our other difficulties. Unfortunately, we have been unable

to reach agreement with the U.S.S.R. on the terms of the credit which they wish to receive and out of which they would pay for the industrial equipment. The U.S.S.R. authorities continue to seek a lower interest rate than that we have granted all other countries receiving export credit. Cabinet has confirmed the position of the Mutual Aid Board that we will not extend better terms to the U.S.S.R. than to others.

The Mutual Aid Board found itself in an extremely awkward position. The industrial equipment was being produced for U.S.S.R. account and to U.S.S.R. specifications but the customer was neither willing to pay cash nor would agree on terms of the credit to be extended.

The Board accordingly advised the U.S.S.R. that in the absence of definite arrangements for payment by February 1st the Board would consider arrangements in respect of the equipment as ended, would issue instructions to cease production to U.S.S.R. specifications and arrange for such modifications in the equipment as would make the equipment saleable to other purchasers. I attach a copy of the letter of January 19th from the Secretary of the Board to the Commercial Counsellor of the U.S.S.R. Embassy. The U.S.S.R. authorities have not yet replied.

I have etc.

S. D. PIERCE  
for the Secretary of State  
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire, la Commission d'aide mutuelle, au conseiller commercial,  
l'ambassade de l'Union soviétique*

*Secretary, Mutual Aid Board, to Commercial Secretary,  
Embassy of Soviet Union*

CONFIDENTIAL

Ottawa, January 19, 1946

Dear Mr. Krotov,

I have been instructed by the Mutual Aid Board to write you concerning the decision taken by the Board at its meeting on January 17, 1946 with regard to the disposition of the industrial equipment ordered by your government, in the light of the negotiations on the proposed credit arrangements between the government of the U.S.S.R. and the government of Canada.

In the absence of definite arrangements for payment by your government for the industrial equipment, the Board is faced with serious problems: manufacturers are pressing for payment and are requesting, on the most urgent basis, the removal from their plants of equipment already completed. Storage

facilities will have to be arranged forthwith, and the costs of handling and storing the equipment represent a not inconsiderable sum of money.

The Appropriation from which the funds have been made available to pay for the production of this equipment will lapse at the end of the current fiscal year, and the Board does not consider that it would be possible to ask Parliament for further funds without making clear the difficulties encountered in reaching an agreement with your government on the payment for this equipment. The Board could not undertake to recommend such a further appropriation to Parliament if the arrangements with your government continue on the present indefinite basis.

In view of this position in which it is placed, the Board has felt obliged to inform you that unless your government can agree, by February 1, 1946, to pay for this equipment, and the additional supplies specified in your letter to Mr. Karl C. Fraser of November 29, 1945, either in cash or on terms of credit which have been offered to your government by the Minister of Finance, the Board will consider that our mutual arrangements in respect of this equipment have ended, and will issue instructions to cease production of the industrial equipment to your specifications and to arrange for such modifications in the equipment as will make it saleable to other purchasers.

I am therefore instructed to inform you that in the absence of notification by February 1, 1946, of acceptance by your government of one of the alternative proposals already offered to you, the Board will regretfully be obliged to make new arrangements along the lines indicated above.

Yours very truly,

M. G. GLASSCO

1244.

DEA/6226-40

*Le secrétaire, la Commission d'aide mutuelle, au conseiller commercial,  
l'ambassade de l'Union soviétique*

*Secretary, Mutual Aid Board, to Commercial Secretary,  
Embassy of Soviet Union*

Ottawa, February 8, 1946

Dear Mr. Krotov,

The Mutual Aid Board, at its meeting of February 6th, again considered the question of the disposal of the industrial equipment and supplies referred to in my letter to you of January 19th.

Since no reply has been received by the Mutual Aid Board to the proposals set forth in the abovementioned letter, the Board has instructed the Director of Administration to arrange for the disposal of this material, making such changes in specifications as may be necessary.

The Board regrets the necessity of having to take this action and wishes you to be informed of its decision in this regard.

Yours very truly,

M. G. GLASSCO

1245.

DEA/8531-40

*Communiqué à la presse du ministère des Affaires extérieures*

*Press Release of Department of External Affairs*

No. 17

Ottawa, February 15, 1946

The Prime Minister, Mr. Mackenzie King, made the following statement this afternoon:

Information of undoubted authenticity has reached the Canadian Government which establishes that there have been disclosures of secret and confidential information to unauthorized persons, including some members of the staff of a foreign mission in Ottawa. In order to make possible the full investigation which the seriousness of this information demands, the Government has appointed Mr. Justice Taschereau and Mr. Justice Kellock of the Supreme Court of Canada to act as Royal Commissioners to hear evidence and to present a report which will be made public. The Commissioners have appointed as their Counsel Mr. E. K. Williams, K.C., of Winnipeg, Mr. Gérald Fauteux, K.C., of Montreal, and Mr. D. W. Mundell of the Department of Justice; the Commission has already commenced its investigation, which is proceeding in camera.

Upon the application of Counsel, and having regard to the serious nature of the evidence already adduced before the Commission, the Commissioners recommended Counsel to apply to the Minister of Justice for orders for the interrogation and detention for that purpose of a number of persons known or suspected to be implicated. This action has been taken today. The persons involved include some now employed or who have been employed in a number of Departments and agencies of the Government.

It is the intention of the Government that, after the report of the Royal Commission has been received, prosecution will be instituted in cases in which the evidence warrants it. It would not be proper at this stage to make a more complete statement or, in particular, to make public the names of those concerned. Some of them appear to have been far more deeply and consciously involved than others. Some will probably be found to be more or less innocent instruments in furthering activities much more serious than they may have imagined. Obviously, the whole matter should be treated with caution and reserve, pending the time when it will be possible to issue a fuller statement. Until the investigation by the Royal Commissioners has been completed the case remains sub judice.

1246.

DEA/50242-40

*Le secrétaire d'État aux Affaires extérieures  
à l'ambassadeur en Union soviétique*

*Secretary of State for External Affairs to Ambassador in Soviet Union*

TELEGRAM 19

Ottawa, February 15, 1946

IMMEDIATE. TOP SECRET. The Prime Minister asked Soviet Chargé d'Affaires to come and see him this afternoon and read to him statement the text of which is contained in my telegram No. 17† of today. He made it clear to Mr. Belokhovostikov that the foreign mission referred to in the statement was the Soviet Embassy in Ottawa, though this fact was not for the present being made public. He said that the situation to which his statement made reference had come to him and to his colleagues as a very disagreeable shock.

Mr. Belokhovostikov, who had been accompanied at the interview by Mr. Vitali Pavlov, Second Secretary of the Embassy, said that the Prime Minister's statement came as a very great surprise to him and that he would at once inform his Government of what the Prime Minister had told him.

1247.

DEA/8531-40

*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*

TELEGRAM 25

Moscow, February 21, 1946

My immediately preceding telegram.† Following is text of statement handed over to me by Mr. Lozovski<sup>1</sup> tonight, Begins:

On February 15th this year the Canadian Government published a statement about the delivery in Canada of secret information to persons not having the right of access to this information, including certain members of the staff of a foreign Mission in Ottawa. On handing this statement to the Soviet Chargé d'Affaires, N. D. Belokhovostikov, the Prime Minister, Mr. King, stated that the reference in the Canadian Government's statement to certain members of the staff of a foreign Mission referred to members of the staff of the Soviet Embassy in Ottawa.

In this connection, after appropriate investigation, the Soviet Government consider it necessary to make the following statement:

Soviet organizations have become aware that in the latter periods of the war certain members of staff of the Soviet Military Attaché in Canada received,

<sup>1</sup> Directeur adjoint, Bureau d'information  
de l'Union soviétique.

<sup>1</sup> Deputy Director, Information Bureau of  
Soviet Union.

from Canadian nationals with whom they were acquainted, certain information of a secret character which did not, however, present great interest for the Soviet organizations. It has transpired that this information referred to technical data of which Soviet organizations had no need in view of more advanced technical attainment in the U.S.S.R.; the information in question could be found in published works on radio location etc., and also in the well known brochure of the American J. D. Smyth, "Atomic Energy".

It would, therefore, be ridiculous to affirm that delivery of insignificant secret data of this kind could create any threat to the security of Canada.

None the less, as soon as the Soviet Government became aware that the above-mentioned acts of certain members of the staff of the Military Attaché in Canada, the Soviet Military Attaché, in view of inadmissibility of acts of members of his staff in question, was recalled from Canada. On the other hand, it must also be borne in mind that the Soviet Ambassador and other members of the staff of the Soviet Embassy in Canada had no connection with this.

At the same time the Soviet Government finds it necessary to draw attention to the unbridled anti-Soviet campaign which began in the Canadian press and on the Canadian radio simultaneously with the publication of the Canadian Government's statement. In spite of complete lack of significance and importance of circumstances which gave rise to the Canadian Government's statement of February 15th, this anti-Soviet campaign is being supported by many Canadian organizations, and at the same time the position taken up by Canadian Government is directly aimed at encouragement of this anti-Soviet press and radio campaign which is incompatible with normal relations between the two countries.

In this connection, surprise is occasioned by the unusual fact that the Canadian Government published its statement on February 15th instead of, as is customary between countries in normal relations, previously asking for explanation from the Soviet Government. Inasmuch as the Canadian Government did not consider it necessary to approach the Soviet Government for a previous explanation, it must be admitted that the Canadian Government herein was pursuing some other ends having no relation to the security interests of Canada.

It must be admitted that the above-mentioned unbridled anti-Soviet campaign formed part of the Canadian Government's plan aimed at causing the Soviet Union political harm.

It cannot be considered a mere chance that Mr. King's statement was made to coincide with the ending of the session of the Assembly of the United Nations where Soviet delegate spoke in defence of principle of democracy and independence of small countries. Evidently Mr. King's statement and the anti-Soviet campaign in Canada which has been developed in connection with it are something in the nature of an answer to the unpleasantness caused to Mr. King's friends by the Soviet delegate at the session of the Assembly. Ends.

1248.

DEA/283

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 511

Washington, March 11, 1946

Sir,

I am attaching herewith a report† from the Press Analysis Section on the press reaction in this country to Mr. Churchill's Missouri speech on March 5th. I would like to add one or two observations of my own to this report.

2. The popular and press reaction to Mr. Churchill's Westminster College speech is about what I expected, mixed, but with the preponderance of opinion critical. The criticism is, however, less violent than one might have expected, mainly for two reasons: (1) Mr. Churchill's personal prestige and popularity remain extraordinarily high in this country, and count heavily in his favour in respect of anything he may say. (2) The growing anti-Russian feeling in the country found satisfaction in his criticism of the Soviets and therefore less dissatisfaction in the accompanying plea for an Anglo-American alliance than would otherwise have been the case. The more vocal and prejudiced anti-British elements in this country (always excepting the Communists and their "fellow travellers") are also anti-Russian. Therefore, the vehement disapproval such elements would normally show towards Mr. Churchill's proposal for an Anglo-Saxon alliance has been modified in this case by their approval of the strong line he adopted against Russia. In their reaction to Mr. Churchill's speech, these elements find it difficult to combine their favourite pastimes of "Redbaiting" and "Lion tail twisting".

3. The main criticism of the Anglo-American alliance provisions of the Fulton speech come from three sources:

(a) Those who, like Mr. Walter Lippman, feel that an alliance with the United Kingdom and the Dominions is one thing; an alliance with the British Empire quite another. This is the traditional and deeply rooted fear of being linked with "Imperialism"; a fear which is increased at this time as the British Imperial system faces a post-war upsurge of native nationalism which may be expected to express itself violently. Underwriting the United Kingdom is one thing; underwriting Malay, Burma and Hong Kong something else, though the two can hardly be separated. This is perplexing to the "Lippman" school.

(b) There are also those who think that Mr. Churchill's plea is a measure, not of United States' needs, but of Britain's desperation; that it is just another case of Great Britain looking for someone else to pull her chestnuts out of the fire. This feeling, though strong, is being weakened, however, as Americans begin to realize the possible value of British help in the face of a powerful, aggressive Russia. Those who feel this way look upon the United Kingdom as a necessary outpost for the defence of the United States.

(c) Finally, Mr. Churchill's proposals have been vigorously attacked by those who see in a strong and universal—or as nearly universal as possible—United Nations Organization the only hope for peace. They feel, and with some reason, that an Anglo-American military alliance might weaken and eventually destroy the United Nations Organization. Mr. Churchill, of course, attempted to combat these fears by his "In My Father's House are Many Mansions" argument. But he has not been successful. He might have been more successful if he had broadened the basis of his "fraternal association" proposals to include *all* peace-loving states, who might wish to strengthen their defence relationships *within* the United Nations Organization. From this point of view, and in my opinion from others, also, it would have been better if Mr. Churchill had made a plea for strengthening the United Nations Organization and for the alteration of the Charter, if necessary, to make such strengthening possible. He then would have been on much stronger ground in arguing that, if one state, or more than one, blocked such a strengthening, a special relationship between the others would be justified. However, it is pretty clear that Mr. Churchill did not have this in mind in his speech. He was thinking of an intimate military association of the English-speaking people alone.

4. In the draft of the speech which I read, there was a specific reference to the advisability of continuing the Combined Chiefs of Staff. I mentioned at the time to Lord Halifax that I thought this would be unwelcome even to those United States and British service authorities who were hoping most for such a continuance, but thought that the best chance of bringing it about was not to call attention to the matter, but to let the wartime arrangements quietly go on. Lord Halifax agreed and the sentence in question was later amended. However, as amended, it was clear enough to what it referred; clear enough already to cause a discussion which may prejudice these arrangements by bringing them into the open. The attached article† by Arthur Krock in the *New York Times* is interesting in this connection.

5. You may also have noticed that a question was asked President Truman at last Thursday's Press Conference on this point. Mr. Truman explained that the Combined Chiefs of Staff were still functioning because peace had not yet been formally made, but that this situation would not, he hoped, last much longer. This part of Mr. Churchill's remarks, therefore, may have hindered rather than helped the cause he hoped to promote; the closest possible association of the armed services of the two countries.

6. Mr. Churchill's speech, following that of Senator Vandenberg and Mr. Byrnes has, of course, helped to focus attention in this country on Russian-American relations; not that help was needed in view of the development of Russian policy itself, in the Balkans, Iran and Manchuria.

7. There is no doubt that feeling in the United States is hardening against the Soviet Union. There has been a deterioration in this respect that is depressing if not dangerous. The frankness of comment on Soviet policy that

one encounters in official and congressional circles is alarming, even after allowances are made for the usual tendency here towards exaggeration and verbal irresponsibility. Even in quarters normally friendly to Russia, and aware of the catastrophic consequences of a break, there is a disposition to despair of the possibility of steady and friendly relations with Moscow either within or without the United Nations Organization. The stronger line now being taken by the State Department is almost universally approved. If Mr. Byrnes goes back on it, he will be one of the most unpopular men in the country and will have to go.

8. There are, however, pitfalls ahead of this "strong" policy. One is the personality and abilities of the Secretary of State. He is, I think, by nature a compromiser; I was almost going to say, a waverer. He is also, I think, less popular both in Congress and at the White House than when he took office; nor has he made any considerable impression on his own Department as the man best equipped to stand up to Molotov and Vyshinsky.

9. A more important difficulty is the instability and undiscipline of public opinion itself; a tendency to cheer vigorous speech but veer away from its consequences. This is a factor which makes any firm, fixed policy difficult. I cannot help but feel that it is one on which the Russians are relying greatly in their obvious determination to exploit the present post-war international situation in a way most favourable to themselves.

10. They listen to Mr. Byrnes in Moscow, but they also read of strikes and strife and discord. More important, they see United States' armed strength shrinking to something approaching pre-war weakness. They may, therefore, feel that while United States policy is getting firmer, the United States itself is getting weaker. The Soviet leaders are not, I gather, likely to be impressed so much by an increase in the strength of speech as by the diminishing size of the stick.

11. The danger in all this lies in the temptation it provides for Moscow to push ahead regardless of diplomatic consequences.

12. It may well be that Soviet policy is fundamentally defensive; an effort to exploit a fluid post-war situation for all it is worth in the interest of their own domestic security; of squeezing the last ounce of advantage out of their own relatively strong position. The Soviet authorities may feel that they can now take with impunity steps which would provoke a war if made ten years from now when an international pattern has been re-established. They expect to encounter diplomatic resistance and incur resentment; but nothing more, unless they go beyond a line which has not yet been fixed and the boundaries of which they hope themselves to be largely instrumental in determining. Once determined, however, they will, as realists, not seek to go beyond it. The risk would be too great.

13. If this is, in fact, the motive of Russian policy, that policy becomes understandable. Even the ill-will which it arouses outside Russia can be used

by the Russian rulers to strengthen their position at home. They can and do complain of that ill-will as unwarranted and unfair and a proof of the implacable hostility of the capitalist powers towards the workers' and peasants' state; necessitating the maintenance of a huge army, and justifying the sacrifices which this entails.

14. There is, in my mind, only one effective reply to this Russian policy. A big Three Conference should be held where *all* the cards will be placed on the table; where *all* the issues will be faced and a genuine effort made to resolve them. No such conference has yet been held; and it is long overdue. Potsdam and Moscow were hasty, limited, almost half-hearted attempts, compared with what is really required. Such a conference might have to remain in session for months, but should be prepared to do so. The Foreign Ministers must be willing to take whatever time and make whatever efforts are required to clear away suspicions and differences and to bring about a definite understanding of each other's desires and designs.

15. If no real success is achieved at such a conference, then the United States and the United Kingdom should convert the United Nations into a really effective agent to preserve the peace and prevent aggression. This means revising it radically. If the Russians veto such a revision, agreed on by others, a new organization must be created which, as the guardian of the peace for *all* nations, and not merely the English speaking ones, can function without the Russians and, as a last resort, against them.

16. All this is far removed from the more limited, but, I think, far less effective proposals of Mr. Churchill for an English-speaking association. I am convinced, however, that this broader basis for a solution of our present difficulties would have a far better chance of acceptance in this country, and would provide a far stronger foundation for an effective organization of peace.

I have etc.

L. B. PEARSON

1249.

DEA/2-AE

*L'ambassadeur en Union soviétique au secrétaire d'État  
aux Affaires extérieures*

*Ambassador in Soviet Union to Secretary of State for External Affairs*

DESPATCH 110

Moscow, March 21, 1946

SECRET

Sir,

I have the honour to report that I returned to Moscow from London on March 6th, exactly three years to the day since I arrived first in Kuibyshev

to assume the representation of Canadian interests in the Soviet Union. In spite of all the ups and downs in intra-allied relations during those three years, I have never known a time when relations between the major allies were so strained or the prospects of cooperation with the Soviet Union so depressing. The two weeks since I returned have witnessed the crisis over the failure to withdraw the Soviet forces from Iran by the treaty date, March 2nd; the mutual recriminations over Bulgaria; United States and United Kingdom protests about the removal of industrial equipment from Manchuria and the stir over Mr. Churchill's speech at Fulton, Missouri.

2. From all this the present pattern has become clear. The Soviet Union apparently has decided to go its own way. Still distrustful and suspicious of the intentions of the western world, the Soviet leaders believe that they can gain advantages for themselves out of the present disunity of the different countries composing the western world. Their main object of attack at the moment is the British Commonwealth of Nations. Like his predecessors, Mussolini and Hitler, Stalin's dictator mentality leads him to mistake the loose ties that bind the British Commonwealth to be an inherent weakness. The legitimate strivings of coloured peoples to free themselves from white domination are thought by the Kremlin to foretell the doom of British Imperialism. I even have evidence that the independent stand taken by Australia in the deliberations of the United Nations is interpreted as a sign that the British Commonwealth is disintegrating.

3. In concerting the attack on the British Commonwealth of Nations the Soviet Government are taking care not to provoke unnecessarily the hostility of the United States. Thus the attack is directed mainly at the colonial policy of the United Kingdom because on this United States opinion has the most misgivings and sympathy for the United Kingdom in that country is least likely to be aroused over Soviet attacks aimed at this weak point in the British armour. While resisting United States diplomatic offences over Bulgaria and Manchuria the Soviet Government are careful not to provoke United States opinion in respect of areas where the sympathy of that country is responsive e.g., Manchuria. Thus in the last few days we find in preparation for the show-down over Iran Soviet troops being withdrawn from Manchuria and from Bornholm and a definite bid for United States sympathy in the official replies to Mr. Churchill's Fulton speech.

4. It is difficult for the outsider to appreciate the profound impression which Mr. Churchill's speech has had on the peoples of the Soviet Union. Longing as they do for peace they see in this speech the confirmation of what their own leaders have been telling them about the machinations of reactionaries in capitalist countries to foment war against the Soviet Union. The Soviet press, after waiting for some days, did Mr. Churchill the rare compliment of printing his speech in full, although interspersed with comment designed to stress the anti-Soviet character of his remarks. The great mass

of the Soviet peoples have only the vaguest idea of what is the present position occupied by Mr. Churchill—to them he is a leader of reactionary Anglo-Saxon capitalism.

5. The reaction by the Soviet leaders to Mr. Churchill's speech was instinctive. What they fear more than anything else is the end of disunity among the countries of the western world on which they see such a good opportunity to capitalise for their own advantage. Besides they genuinely fear that co-operation between the countries of the western world might under a rightist reaction develop into a crusade against the Soviet Union. Hence their violent opposition to the proposals for "a western bloc". Their fears of a combination of western European countries are small, however, compared with their fears of an Anglo-American combination.

6. The Soviet leaders do not particularly dread the power at present wielded by the United Kingdom. While they realize it may be sufficient to check their expansion into certain regions, such as the eastern Mediterranean, they do not look upon it as being likely by itself to threaten them. But they have a most healthy respect for the power of the United States, when the industries and manpower of that country are mobilized for war purposes. They have been delighted to see the rapid demobilisation of the United States military power under pressure from public opinion in that country. They are anxious to keep it that way. Hence we find Academician E. Tarle, in his article on Mr. Churchill's Fulton speech, reported to you in paragraphs 5 to 8 of my despatch No. 101 of March 14th, 1946,† stressing the long tradition of friendship between Russia and the United States. He contrasted this with the long record of Anglo-American bickerings. He unearthed again the refusal of Alexander II to join England and France in their support of the South against the North in the American Civil War.

7. Again the selection of Iran as the main object of Soviet aggression at the moment is consistent with the efforts to attack British interests without disturbing overmuch United States susceptibilities. In this connection I may quote again paragraph 36 of my despatch No. 437 of October 29th, 1945, which read as follows:

The one exception I see to this abstention from territorial expansion in the near future is the possibility of Soviet encroaching on the territorial integrity of Iran in response to the old Russian longing for an outlet on warm water combined with the new longing for oil. A foothold on the Persian Gulf would give Russia that longed for outlet to the open seas which even the Baltic or the Mediterranean cannot provide because their exits are controlled by other powers. Any Soviet moves in Iran would be sure to meet with resolute resistance from their British ally and the determining factor would be the extent to which the United States would back British policy in this remote part of the world.

8. Seldom has Litvinov's famous saying: "Peace is indivisible," been more applicable than it is to the present situation in Iran. The Soviet government have chosen Iran as the testing point of Anglo-American solidarity because

they believe it is an area where they can attack British interests without the United States doing much beyond a bluster of diplomatic notes. If they can get away with it in Iran they can then proceed to treat with Afghanistan, another area remote from the United States and unlikely to concern seriously the people of that country. Only after Anglo-American lack of a common policy and inability to act decisively has been demonstrated in the case of these remote areas, are the Soviet Government likely to test possible reactions to territorial encroachments on more delicate regions, such as Turkey and the Middle East generally. It is just because, as Mr. Jack Hickerson of the State Department told General Pope at San Francisco: "The average American does not know where the Persian Gulf is" (see paragraph 18 of my despatch No. 368 of September 25th, 1945), that the Soviet government have selected Iran as their first test of Anglo-American solidarity.

9. It seems as if Soviet intrigues in Iran have proceeded further than and in a manner contrary to the wishes of the Soviet Government. The date for the withdrawal of the allied forces, March 2nd, came around at a time when the Soviet government were engaged in active negotiations at Moscow with the Iranian Prime Minister, Qavam-es-Sultaneh. No doubt, they felt that the withdrawal of their troops would lessen the chances of Qavam-es-Sultaneh agreeing to their demands. In any case they could not leave to their fate those whom they had set up as the government of Iranian Azerbaijan. Probably they never expected that the Iranian Prime Minister, whom outsiders regarded as a pliable tool of the Soviet Government, would prove to be so intransigent in resisting their demands. For this we have to thank the existence of the Security Council. The Iranians knew their case would be overwhelmingly strong when the question next came before the Security Council, since the Soviet Government had placed themselves so definitely in the wrong by a flagrant breach of a solemn treaty obligation. The future will depend upon the degree of firmness shown by the United States representative on the Security Council. If, as a result of the Council's decision, the Soviet Union withdraws its troops from Iran, history will record one more example of the politically-bankrupt Persian regime being preserved through the rivalries of the great powers, but a definite check will be brought to Soviet expansion and Anglo-Saxon hegemony over the world outside of the Soviet sphere will have been restored.

10. It is this Anglo-Saxon hegemony that is so essential to the maintenance of peace and security. Mr. Churchill was on the right track when he spoke in this vein at Fulton, Missouri, but I doubt the wisdom of the time and place chosen for this trial balloon. The fraternal association of the Anglo-Saxon peoples will come about rapidly and inexorably through the pressure of events, with or without the speeches of elder statesmen. This presupposes a reorientation of British thinking of which Mr. Churchill has shown himself incapable. The times call for a United Kingdom Prime Minister who is willing to preside

over the at least partial liquidation of the British Empire. India must be set free, the Greek and Egyptian questions solved, the vexed problem of Palestine delegated to international trusteeship, the United States given bases in the British West Indies and Hong Kong perhaps restored to Chinese sovereignty. The principles underlying the trusteeship chapters of the United Nations Charter must be applied unequivocally. All this is necessary not only to bring British policy in tune with United States political philosophy but also to accord recognition of the legitimacy of the strivings of coloured peoples for racial equality and for freedom from white domination. There must be a realisation of the indisputable truth that if we are faithful to our convictions the hegemony of the Anglo-Saxons involves more obligations than privileges. We must recognise that for the good of mankind we have been called to assume that task because practically we alone among races have been able to evolve political systems that are responsive to the will of the peoples.

11. The events of the past weeks have driven home the truth that only political systems responsive to the will of the peoples can remove the threat of wars of aggression. The people of no country, if left to themselves, want to wage aggressive war. This applies, I am sure, to the great and lovable Russian people. I am also still convinced that the Soviet Government are anxious to avoid war, that they desire above all else a long period of peace in which to repair their shattered economy and strengthen it still further for a possible future trial of strength and that they are no longer interested in spreading communism for its own sake. But because the Soviet Government is run by a handful of men and is dominated by a strong personality with absolute dictatorial power, without having to pay regard to the will of the people, they cannot refrain from following the dictates of personal ambition which lead them to seek the exploitation of the advantages to be gained from temporary situations.

12. This interpretation of Soviet policy as opportunist is at variance with that expressed by those who hold that the Soviet Government are working to a definite plan and know just what they want. The impression of a clear-cut programme is given by reason of the fact that unlike western policy there is no need for Soviet policy to be exposed to public debate. But apart from the overall programme of doing everything possible to strengthen the position of the Soviet Union, I believe that the day-to-day manifestations of Soviet policy are nothing more than revelations of the intuitions of Generalissimo Stalin and of his beliefs of the extent to which he can go in pushing Soviet interests without incurring undue risks.

13. To a dictator with the upbringing of Stalin the disunity of his western allies and the vagaries of their policies are circumstances that he just has to exploit. It is known that Stalin spoke scornfully to his associates of the late President Roosevelt's concern over American lives which led first to postponing the opening of the second front and secondly to paying a high price

for Soviet participation in the war against Japan. Stalin must often have chuckled to himself over the ease with which he secured the tremendous concessions to his point of view at the Teheran, Yalta and Potsdam Conferences. In fact the price paid to keep him fighting to the last Russian must have convinced him that an equally high price will be paid to keep his remaining Russians at peace. He must contrast the debate over whether or not to divulge the secret of the atomic bomb with the manner in which he would have exploited this advantage if the position had been reversed. He can only interpret as a sign of weakness the feverish efforts of the United States Government to satisfy the demands of the American people for the return home of their sons and husbands. In the centre of this picture he sees, as Mussolini and Hitler once thought they saw, the imminent breakup of the British Empire. The pickings seem too easy for him not at least to have a try at helping himself.

14. It was, I believe, through this process of thought that the Soviet Government have bungled into the situation that has arisen in Iran. I do not think they ever intended deliberately to provoke a serious conflict with their allies over that ancient country. They drew out of the hat, so to speak, the charges against Great Britain over Greece and Indonesia and brought them before the Security Council as a means of distracting attention from Iran. I believe that this action was spontaneous and not according to any long thought-out plan. Having embarked on this course they have felt themselves committed to a general frontal attack on British interests everywhere. They have been encouraged to continue the attack by the success with which it has been attended in the shape of anti-British manifestations in the countries of the Middle East. They know what they want, but they do not know the best means of getting it. They are improvising, therefore, to meet the day-to-day situations as they arise.

15. To this irresponsible opportunism there is only one possible rejoinder. Not that policy of toughness which in the minds of its advocates means treating the Soviet Union as an inferior or as a pariah, but a policy of firmness based on a coalescing of American and British policies on a high moral plane. This high moral plane should be intimately associated with the purposes and principles enunciated in the Charter of the United Nations. There should be no more compromising with these principles for the sake of brief vodka honeymoons in Moscow.

16. I am sending a copy of this despatch to the High Commissioner for Canada in London.

I have etc.

L. D. WILGRESS

1250.

CEW/Vol. 2155

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

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

CONFIDENTIAL

Ottawa, March 23, 1946

Dear Mike [Pearson],

I read with a great deal of interest your despatch No. 511 of March 11th in which, starting from the reception in the United States of Churchill's Fulton speech, you go on to reflect on the situation created by the uncertainty and aggressiveness of Soviet policy. I found myself in agreement with everything you said until I reached the last few paragraphs in which you argue that the only effective reply is a Big Three Conference at which all the cards would be placed on the table and all the issues faced. I think that in fact I do agree that such a conference may prove essential but I cannot convince myself that it would have a real chance of success.

Perhaps the metaphor about putting the cards on the table is misleading. It implies that the issues between the great powers can be clearly defined; and that, by arranging the pack so that each of them gets a hand satisfactory to itself and to the other two, the game would continue in amity in accordance with the book of rules.

The trouble is that in the sort of game that is now being played each of the great powers can, if it wishes, manufacture new cards, add new suits and decide for itself what are trumps. That is what the Russians have been doing with vigour during the last few months, and the others are forced, willingly or not, to disregard the rules or to invent new ones. I cannot conceive a conference really facing the issues honestly at present because the issues are not clearly enough defined and because, like most international problems, really serious issues cannot be solved but only changed in form and urgency. Such a conference would, I think, at the best end merely in the application to the world as a whole of the old Hapsburg motto of "divide et impera". It would create a balance of power which would have less stability than the balances achieved during the 19th Century.

I am, therefore, inclined to argue that there is an essential condition requisite to success in establishing some sort of respectable working relationships between the great powers, and that is the lifting of what Churchill called "the steel curtain" that surrounds the Soviet Union, its client states and occupied territories. In short what is required is a modification, and a very substantial one, of the domestic regime within Russia. Without such a modification, no matter what agreement might be reached between the heads of governments or the Foreign Ministers, we shall never be able to rest easily for

long. The motives of the masters of Russia may be security, Imperialism, world revolution or desire to perpetuate their own dictatorship. They are probably a mixture of all these elements. The point is that they are not stated and that we do not and cannot believe their own explanations of Soviet policy. I doubt that we shall ever be able to believe them as long as profound secrecy surrounds the process whereby that policy is framed.

I, therefore, feel that if a Big Three Conference were now to be summoned on the lines that you suggest, its main result would be to show the impossibility of reaching a lasting meeting of minds. This may well be an essential condition to developing a satisfactory public opinion in the western world and particularly in the United States on the need for more effective international arrangements.

Yours sincerely,

H. H. WRONG

1251.

W.L.M.K./Vol. 345

*L'ambassadeur en Union soviétique au sous-secrétaire d'État  
aux Affaires extérieures*

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

SECRET AND PERSONAL

Moscow, April 15, 1946

Dear Mr. Robertson,

I thank you for your secret and personal letter of March 26th, 1946,† in which you advise that there is a possibility, although probably a remote one, that the Prime Minister will wish to visit Moscow in the course of this summer, while he is in Europe for the purpose of attending the Peace Conference at Paris.

As you will recall I wrote to you last October, when you were with the Prime Minister in London, and I indicated then what a good thing I thought it would be if the Prime Minister could find the time to pay a brief visit to Moscow. In spite of the great personal pleasure it would give me, I cannot now advise the Prime Minister to come here, at least not until after some months have elapsed since he was publicly abused in the Soviet press for disclosing the information leakages in Canada. This is referred to now by Russians as "the King affair".

The Soviet Government and the Soviet public would regard a visit by the Prime Minister to Moscow so soon after the events of the past two months as a sign of weakness and a step of appeasement comparable in kind if not in degree to Chamberlain's visit to Goetesberg [Godesberg] in 1938. They would interpret it as an indication that after their all-out attack on Great Britain,

Canada, the country occupying the key position between the United Kingdom and the United States, is thoroughly scared and will pay almost any price to appease them. Instead of making them more reasonable I fear it would encourage them to a continuation of their disruptive tactics.

I read in Hansard the speech delivered by Mr. Stanley Knowles, M.P., in the House of Commons on March 19th, when he urged the Prime Minister to follow his example and visit Moscow. Mr. Knowles came here in only a semi-official capacity and escaped official hospitality. His visit was not recorded in the Soviet press. He was able to devote his whole time to seeing what he wanted to see. The Prime Minister could only come here as the guest of the Soviet Government. He would be lodged probably in the official guest-house of the Ministry of Foreign Affairs. He would be greeted probably on his arrival with a guard of honour. He would be given probably a luncheon by Molotov, a reception by Molotov, a dinner by Stalin and would have interviews with both Stalin and Molotov. All of these events would be duly recorded in the Soviet press. If the Prime Minister was not accorded all of these honours he would be treated differently to the Prime Ministers of other countries who have visited Moscow recently and it would be a studied insult to Canada.

It is not easy for me to write like this. I have been a proponent of the doctrine that we not only must but can find a way to get along with the Soviet Union. I still believe in that doctrine but I have modified lately my ideas as to how we can best get along with the Soviet Government. For thirty years I have had a great affection for the Russian people. I know that they are not like the Germans. But I have discovered of late that the mentality of a totalitarian autocracy is much the same whether or not the leaders of that autocracy are Germans, Italians, Spaniards, Argentines or Russians. One thing one must not do is to show that one is afraid of them or is prepared to pay tribute to buy them off. With them it is not good policy to turn the other cheek after being the recipient of an insult.

I can forgive much of the Soviet Government because I have lived here now for three years and have learned to understand their point of view. But I cannot forgive them for their ferocious attack on Mr. King, after all that he did to promote friendly relations with the Soviet Union. This has profoundly altered my attitude towards these people with whom I had been fairly successful in establishing friendly personal relations. I am prepared to do everything I can to restore the friendly relations which have been so roughly shaken these past two months, but I feel I cannot without a protest permit the Prime Minister to suffer at the hands of these people what in the eyes of a great part of the world would be regarded as an indignity and a trip to Canossa. I am also convinced that a visit to Moscow next summer would not serve the cause the Prime Minister has in mind in contemplating this visit.

In conclusion I wish to add that I do not think the above would apply to a semi-official visit by yourself if the Prime Minister could spare you for the ten days necessary to make the trip.

I am sending an extra copy of this letter to London in case you may have left Ottawa before it arrives.

Yours sincerely,

L. D. WILGRESS

1252.

DEA/2-AE

*Le secrétaire d'État aux Affaires extérieures  
à l'ambassadeur aux États-Unis<sup>1</sup>*

*Secretary of State for External Affairs to Ambassador in United States<sup>1</sup>*

DESPATCH

Ottawa, May 10, 1946

Sir,

1. I enclose a copy of despatch No. 185 of April 24† from the Canadian Ambassador in Moscow. In this despatch Mr. Wilgress examines the chief aspects of Soviet foreign policy as revealed by recent events.

2. Mr. Wilgress believes that the Soviet leaders will not expose themselves to undue risks by pushing matters too far in the near future. The Soviet Union in his opinion will not be in a position to wage another long-drawn-out war until the next three five-year plans are completed and, unlike the dictators of the thirties, the Soviet dictators are not reckless but are cool and calculating.

3. This does not mean that the Soviet leaders will not continue to try to make further gains, especially since hitherto they have been able to obtain their objectives so easily at the successive three power conferences. Their technique at these conferences has been to prosecute a war of nerves, to insist that the other powers give in to them and to count on the lack of cohesion between the United States and the United Kingdom and upon the vagaries of United States foreign policy.

4. While the Soviet leaders insist on stability throughout the area dominated by them, they prefer unrest and economic and political instability throughout the remainder of the world (e.g. Western Europe and China) because the continuance of instability gives them a greater opportunity of extending Soviet influence. It is, therefore, largely a matter of indifference to them when the peace treaties are concluded.

<sup>1</sup> Cette dépêche fut expédiée à toutes les missions.

<sup>2</sup> This despatch was sent to all missions.

5. Mr. Wilgress returns to the conclusion which he has underlined in a number of other despatches which he has written recently. In his opinion the history of previous controversies with the Soviet Union demonstrates that concessions by the Western powers are looked upon by the Soviet leaders as a sign of weakness and a vindication of their suspicions and mistrust. This encourages them to put forward other demands and thus the process goes on without the possibility ever being presented of reaching a satisfactory understanding with the Soviet Union.

6. Any policy savouring of appeasement is, therefore, bound to fail. Resort must be had to the policy of firmness which has been pursued for the past few months by the United States and the United Kingdom—a policy based on a frank recognition that the attempt to prevent a division of the world into two camps has failed and that an attempt must now be made to find an equilibrium between the two camps on the basis of relative power.

“It is important to remember, however, that the distinction between the two camps is not merely that one is communistic and the other capitalistic but chiefly that one is dynamic and the other static. Since the dynamic always carries with it the greater appeal to the dissatisfied and frustrated everywhere, it is not sufficient to confront the communist camp with an overwhelming display of strength. Support for this policy must be assured among the masses of the peoples in the capitalist camp. This makes it essential that firmness should be tempered with fairness in order that the Soviet Union may never be able to pose as a martyr state. This also renders it important that the true nature of Soviet aggression should be exposed. The Soviet Union should be depicted always as a totalitarian state governed by an autocracy, who are creating out of their immediate followers a class with privileges greater relatively than those enjoyed by any class since feudal times. It should also be made clear that the autocracy has commenced to govern in the interests of that privileged class rather than in the interests of the masses of the people who, being entirely without civil liberties, are unable to exert any political influence. Hence the foreign policy of the Soviet Union reflects only the desires of the autocracy and of the privileged class and not of the masses of the people.”

7. I should be interested in your comments on the problems raised in this penetrating despatch from Mr. Wilgress.

I have etc.

ESCOTT REID  
for the Secretary of State  
for External Affairs

1253.

O.D.S.-N.A.R./Vol. 88

*Le Premier ministre au directeur national, le Conseil national  
pour l'amitié canado-soviétique*

*Prime Minister to National Director, National Council  
for Canadian-Soviet Friendship*

PERSONAL

London, May 22, 1946

My dear Mr. Park,

I had hoped to have an opportunity before leaving Canada of replying to your letter of April 8† and thanking you for the copy of the Council's programme† which you enclosed with it, and which I examined with a great deal of interest.

As one who has always been a firm believer in the necessity of friendly relations between the Soviet Union and other countries, I have been gratified to know that your organization is continuing to devote so much thought and care to the relations between the Soviet Union and Canada. You are, I am sure, fully conscious of the need for the exercise, at the present crucial stage of international progress, of all possible judgment and discretion in the methods by which these aims are pursued. It is essential to scrutinize all plans with the utmost care to ensure the elimination of activities which, however well-meant, might under conditions prevailing at the moment have a tendency to do more harm than good.

In this connection I should like, for reasons which you will readily appreciate, to suggest that if the programme of public meetings proposed were to commence before the conclusion of the trials now in progress, the effect might be extremely undesirable.

I might also mention the reference to "an Anglo-American alliance" in section 5(a) of the programme. This reference, it seems to me, is unfortunately worded. If it is intended as a comment on Mr. Churchill's recent speech at Fulton, Missouri, it should not be overlooked that what Mr. Churchill proposed was a fraternal association. To direct attention, instead, to the United Nations Organization will not of itself be an adequate solution for the urgent and involved problem of finding a basis upon which the nations of the world can live together in peace and prosperity. It would, I think, be misleading to describe as "disastrous" the consolidation and extension of that cooperation between the two largest Western democracies which has proved so effective in the period of extreme peril from which we have just emerged, or to suggest that such a development could fail to strengthen the principles and organization of the United Nations as a guarantee of peace and of the independence and integrity of all countries.

Canadian-Soviet friendship is a growth which has come to maturity under the stress of war, and which we are all anxious to foster with the cooperation of our friends in the Soviet Union. It is not a one-way street, and in all

discussion of means which may be employed to strengthen it the necessity of collaboration by all parties has to be kept to the fore.

I appreciate your having let me see the draft of the Council's plans, and hope that your deliberations may assist in bringing about a steady increase of goodwill and cooperation in international affairs.

Yours sincerely,

W. L. MACKENZIE KING

1254.

DEA/8531-40

*Le sous-secrétaire d'État aux Affaires extérieures  
au chargé d'affaires de l'Union soviétique*

*Under-Secretary of State for External Affairs  
to Chargé d'Affaires of Soviet Union*

Ottawa, July 12, 1946

Dear Mr. Belokhovostikov,

I am enclosing two copies of the memorandum which the Prime Minister read to you this afternoon.

Yours sincerely,

N. A. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du gouvernement du Canada à l'ambassade  
de l'Union soviétique*

*Memorandum from Government of Canada to Embassy of Soviet Union*

[Ottawa,] July 12, 1946

In the Royal Commission Report, there is given a list of members of the Soviet Embassy staff who "have been identified by both oral and documentary evidence" as having been active, at one time or another since the establishment of the Embassy in 1942, in directing undercover espionage operations in Canada. This list contains seventeen names, including six persons who, according to our information, are presently employed on the Embassy staff in Ottawa. The others implicated have returned to the U.S.S.R., or have been transferred to other posts.

Of the six believed to be in Ottawa, two, Mr. Ivan Krotov, the Commercial Counsellor, and Mr. Vitali G. Pavlov, First secretary, are members of the diplomatic staff of the Embassy, Major B. P. Sokolov is a member of the staff of the Commercial Counsellor, and his wife, according to the Report, has

been associated with him in inadmissible espionage activities. Mr. A. M. Farafontov and Mr. J. G. Levin (or Levine) are the two remaining employees of the Soviet Embassy whom the Royal Commission have found to be involved in the espionage activities which were the subject of their investigation.

It is the expectation of the Canadian Government that the Soviet Government, of its own initiative will wish to withdraw these persons from the staff of its mission in Ottawa before the publication of the Report of the Royal Commission. With the Report of the Royal Commission to be published on Monday, July 15th, this may not now be physically possible. It is hoped, however, that the Soviet Government will make immediate arrangements for their removal, so that the Canadian Government will not have to request it formally.

1255.

DEA/8531-40

*Le chargé d'affaires de l'Union soviétique au Premier ministre*  
*Chargé d'Affaires of Soviet Union to Prime Minister*

No. 21

Ottawa, July 15, 1946

Dear Mr. Prime Minister,

In reference to my conversation with you on July 12, inst. I am enclosing two copies of the memorandum of the Embassy.

Yours sincerely,

N. BELOKHVOSTIKOV

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire de l'ambassade de l'Union soviétique*  
*au gouvernement du Canada*

*Memorandum from Embassy of Soviet Union*  
*to Government of Canada*

Ottawa, July 15, 1946

With reference to the statement of the Prime Minister Mr. King and the memorandum handed over by Mr. Robertson to Mr. N. D. Belokhvoshtikov, Chargé d'Affaires of the U.S.S.R., a.i., the Soviet Government draw the attention of the Canadian Government to the fact that the Soviet Government in its statement of February 20th, 1946,<sup>1</sup> pointed out the provocative character

<sup>1</sup> Voir le document 1247.

<sup>1</sup> See Document 1247.

of the campaign started against some of the members of the Soviet Embassy in Ottawa based on the false evidence of criminal Gouzenko who is under the investigation of the Canadian police.

Nevertheless in view of the statement made to Mr. N. D. Belokhvoshtikov by Mr. King and the above memorandum the Soviet Embassy in Ottawa on behalf of the Soviet Government informs the Canadian Government that the members of the Soviet Embassy in Canada Messrs. Ivan I. Krotov, V. G. Pavlov, A. Farafontov and J. Levin will leave Canada in next few days.

1256.

DEA/2-AE

*Mémorandum du ministère des Affaires extérieures*

*Memorandum by Department of External Affairs*

SECRET

[n.d] 1946

MEMORANDUM ON SOVIET MOTIVES IN RELATION TO NORTH AMERICA

In considering the security of North America attention must be paid to the possibility of a threat to the continent by the Soviet Union. So long as Germany and Japan remain weak there is no other source from which aggression might spring. It becomes necessary, therefore, to examine existing and probable Soviet policy from that point of view. In doing so it must first be recognized that it is possible only to analyze Soviet interests and Soviet foreign policy as far as these can be understood at the present time.

Widely different views have been expressed on the effects of the war on Soviet power. It is clear that that country has suffered very severe losses both in population and resources. From this it may be argued that the primary interest of the U.S.S.R. at the present time and for some years to come is the maintenance of peace.

No great power, however, is willing to contemplate peace at any price. The U.S.S.R. in particular has made clear its intention to enforce its foreign policy with military and industrial strength. A recent speech by Stalin on the eve of the Soviet elections indicated that the Soviet Government is not contemplating large scale demobilization in the post-war period, nor a change from military to civilian emphasis in the organization of Soviet economic life. On the contrary the Soviet people were called upon to accept continued sacrifices in the interests of maintaining and extending the military strength of the Soviet state.

The Soviet Union might be considered as having the following basic interests:

- (a) The restoration and development of its domestic economy;
- (b) The maintenance of its political and social institutions;
- (c) Retention of its relative place as a great power in relation to other states.

The achievement of the above objects depends to some extent on successful foreign policy. The present foreign policy of the Soviet Union is similar in its main aspects to that followed over a long period by Czarist Russia and its main aspects are:

(a) Control over the entrance to the Black Sea, either by occupation or influence;

(b) Control over the second sea gateway to Russia, namely, the Baltic and especially the Gulf of Finland;

(c) A secure position on the Far Eastern frontiers whether on land or sea;

(d) An extension of influence in the Caucasus, particularly in the interests of oil supplies. This involves claims for frontier rectifications with Turkey. It also means pressure on Iran, at least for the restoration of the position gained in the 19th century and possibly for control of access to the Gulf of Persia;

(e) A secure position on the central western frontier.

All the above ambitions have been pursued, particularly in the period since 1940 beginning with the war against Finland. The defeat of Germany and her satellites enabled these objects to be pursued more rapidly. The central question is whether the expansion of the Soviet Union can be regarded as being limited to the achievement of these objectives. The case may be argued as follows:

#### CASE FOR LIMITED EXPANSION

If a line is taken from Finland to the Dardanelles it can be shown that the Soviet Union has consistently pursued an attempt to establish either a strategic frontier where such is possible, or a political one where it is not possible. The frontier of the Soviet Union is a social as well as a strategic or political line. The Russians, therefore, regard it as fundamental that there should not be on the far side of that frontier a state which has a government unfriendly to them. The extent to which this policy will in fact be carried out within moderate limits cannot at the moment be determined. There are, however, some encouraging signs. In spite of the rapid collapse of German resistance, the Soviet Government has not altered its stated intention of allowing autonomous though friendly governments to exist on its borders. The Finnish Government appears to enjoy a relatively free hand. The measure of independence which the governments of Poland, Roumania and Bulgaria will, in the long run, be able to achieve, cannot yet be forecast. The Soviet Government has not yet, however, included within its boundaries territories in Europe as extensive as those which were under the direct jurisdiction of the Czarist regime. Present indications are that no further direct annexation of territory is contemplated with the exception of the claims which have been made upon Turkey. Nor has its position in Iran yet reached the point at which a rough balance was established in the 19th century.

The strategic frontier, like the political one, may be regarded as requiring outposts. The most striking case of this is in the eastern and central Mediterranean where the Soviet Union are seeking control over certain strategic areas for the purpose of making secure the sea route from Gibraltar to Crimea.

#### CASE AGAINST LIMITED EXPANSION

It may be argued that the Soviet policy of maintaining outer bastions to its frontier can have no limits. By desiring political and social influences over the countries bordering on it it must invariably find a receding frontier which may be pursued indefinitely. The same kind of argument could be applied to strategic claims and lead, for example, to demands in the Mediterranean going beyond the expressed interest in the Italian possessions on the southern shore. Similarly it might be felt that the Soviet expansion will progressively extend through Siberia to the north-west areas of Canada and the United States.

In considering Soviet foreign policy it is important not to confuse the ends with the means. While the Soviet Union pursues, largely to the same extent, the same ends as those of the Czarist regime it does not, like the latter, accept the traditional techniques of diplomacy. The method of avoiding friction through diplomatic representation is very little appreciated by the Soviet authorities. The highly centralized Government of the U.S.S.R. does not permit its representatives in diplomatic missions or at conferences more than a small degree of discretion. The Government tends to use shock tactics through its controlled newspapers and its representatives abroad. There is a difference of opinion as to whether the Soviet Union is in the end less ready for international compromise than other states. It may be that the more violent forms in which its views are expressed are not in essence different from the more carefully guarded but perhaps equally maximum demands put forward in the traditional diplomatic language; both possibly may be intended as opening moves.

The Soviet Union has participated fully in the establishment of the United Nations Organization from the time when plans were first under consideration. In spite of frequent accusations there is no evidence that they have deliberately tried to sabotage UNO. It has been said that at the Preparatory Commission their delegation was generally constructive in its attitude. The attitude of the Soviet representative on the Security Council in New York has been disturbing, but there is no evidence of a desire to weaken that institution generally. It cannot be said of the U.S.S.R. or indeed of any other state that it is prepared to make any measurable amount of concessions to the interests of UNO or that it will maintain indefinitely its support. From one point of view the Soviet Union has, however, reason to continue to support the UNO since by any other action it would tend to turn the UNO into the nucleus of a world alliance against itself. Time alone will show whether the Soviet Union intend to put a major reliance on the UNO but the evidence so far is not discouraging.

## CONCLUSION

In conclusion it may be suggested that the foreign policy of the Soviet Union, while pursued by different methods and sponsored by a government which is foreign in its political institutions and social structure, is nevertheless the normal expression of the interests of that country. There have been no indications of undue Soviet interest in North America and politically, therefore, it may be judged that there is an absence of evidence to show the development of any aggressive designs on the part of the Soviet Union against this continent.

1257.

DEA/6226-40

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires de l'Union soviétique*

*Secretary of State for External Affairs  
to Chargé d'Affaires of Soviet Union*

No. 14

Ottawa, September 26, 1946

Sir,

In September of last year, the Commercial Counsellor of the Embassy of the Union of Soviet Socialist Republics requested the Minister of Finance to arrange for the Canadian Government to purchase wheat, flour and certain other products in Canada on behalf of the Government of the U.S.S.R., as these were urgently needed by the U.S.S.R. at the time, and Mr. Krotov assured the Minister of Finance that the Government of the U.S.S.R. would repay the Government of Canada for the costs incurred in making these payments. This repayment was to be made either in cash or on the basis of a long term credit agreement which was then under negotiation.

The necessary measures to implement this requested arrangement were taken by the Government of Canada, and in so far as the supplies requested were available they were purchased by the appropriate agencies of the Canadian Government and made available for shipment to the U.S.S.R. The direct costs incurred in such purchases, apart from interest on borrowed funds and administrative costs, amounted to \$8,819,032.06. The dates on which the various amounts were paid, and further details of the transactions are set forth in a schedule† attached to this letter, and further details and documentation are available in the Department of Trade and Commerce and its purchasing agencies.

On December 28th, 1945, the Minister of Finance wrote to Mr. Krotov concerning the interest charge to be included in this arrangement, as it was then evident there would be a period of some months between the payment of these accounts by Canada and the reimbursement by the U.S.S.R. Mr. Hisley proposed that, if the repayment were on a long term credit basis, the rate of interest agreed for the long term credit should apply from the time the advances were made by Canada, while if the advances were repaid

within a short period in cash, the rate of interest should be  $\frac{3}{4}$  of 1 per cent. In each case, these interest rates were based on the cost to Canada of borrowing money for corresponding periods. Mr. Krotov replied to Mr. Ilsley that he was informing the appropriate authorities in Moscow of these proposals. As no objection has been raised since that time to these proposed rates, we assume they are satisfactory to your Government.

As no agreement has been reached on terms for a long term credit, and as negotiations for such a credit have been suspended now for many months, it is evident that this form of repayment for the amounts advanced on your account by the Government of Canada is not now practicable. Consequently repayment should now be made in cash. The schedule enclosed shows the appropriate amount of interest payable at the rate of  $\frac{3}{4}$  of 1 per cent, up to September 15th, and interest beyond that date at the same rate amounts to \$181.21 per day.

Repayment of the amounts advanced by the Government of Canada and the interest thereon should be made in Canadian dollars obtained by the sale of U.S. dollars or other foreign exchange convertible into gold to the Foreign Exchange Control Board or an authorized agent of that Board. If, however, it is more convenient to your authorities to make payment directly in U.S. dollars, that would be satisfactory.

Accept etc.

H. H. WRONG  
for the Secretary of State  
for External Affairs

1258.

DEA/1076-C-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa,] November 15, 1946

ESTHONIAN REPUBLIC; RECOGNITION OF INCORPORATION IN THE U.S.S.R.

At the meeting of the Cabinet on November 15th,<sup>1</sup> the Secretary of State for External Affairs reported that it was necessary in connection with certain judicial proceedings arising out of the sale of an Esthonian vessel by a Canadian Admiralty Court to reach a decision with respect to the status of the Esthonian Republic. The Republic now formed part of the Union of Socialist Republics.

The Cabinet, after discussion, agreed that Canada should not extend de jure recognition to the Esthonian Republic but should recognize it as the de facto government of Esthonia; also that a reply to that effect should be given only on the formulation of an enquiry by a court of law.

<sup>1</sup> Voir le document 989, paragraphe 26.

<sup>1</sup> See Document 989, paragraph 26.

## PARTIE 19 / PART 19

## ESPAGNE / SPAIN

1259.

DEA/7570-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au Premier ministre*

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

[Ottawa,] February 28, 1946

The Postmaster General came to see me this afternoon to report a conversation he had had with Senor de Yturralde, the Spanish Chargé d'Affaires in Washington, who had asked him to ascertain, informally, if the Canadian Government would be willing to negotiate a commercial agreement with Spain. I told Mr. Bertrand that, under present arrangements, Spanish goods received m.f.n. treatment on importation into Canada, and that Spain could expect no better commercial treatment of its exports as a result of a trade agreement. As far as procurement of supplies was concerned, our market was now a pretty open one, in which Spain could buy what it could get for United States dollars. I therefore did not see what object Spain could have in seeking a commercial agreement except, possibly, an export credit.<sup>1</sup> Under present conditions, and having in mind particularly recent diplomatic developments, I did not think the Government would for one moment consider granting an export credit to General Franco.

I told Mr. Bertrand that some months ago we had been approached, informally, through the Spanish Embassy in London, about the possible exchange of diplomatic missions between Canada and Spain, and had replied that, under present conditions, we were not prepared to exchange legations.

1260.

DEA/7570-40

*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*

Ottawa, March 19, 1946

ATTENTION: R. T. YOUNG, COMMERCIAL INTELLIGENCE SERVICE

I refer to your letter of February 5th† in which you mention an enquiry received from the Canadian Trade Commissioner in Lisbon regarding the sale of ships to Spain by Canadian Vickers Limited.

<sup>1</sup>Note marginale:<sup>1</sup>Marginal note:

quite true

In view of the fact that Canada was one of the forty-five nations to support the resolution introduced into the United Nations General Assembly condemning the present government of Spain, the Canadian Government would not wish to be put in the position of seeming to encourage commercial relations with Spain. We could certainly do nothing, however, to stand in the way of a private business deal between Canadian Vickers and the government of Spain, and in fact the sale of a few freighters in this way could hardly be prejudicial to Canadian interests.

I would suggest advising Mr. Glass in this sense, stressing that he should not play any part in promoting the proposed sale and should not lead Canadian Vickers Limited to expect assistance from any agency of the Canadian Government.

SYDNEY D. PIERCE  
for the Under-Secretary of State  
for External Affairs

1261.

DEA/5127-A-40

*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 50

Lisbon, June 21, 1946

SECRET

Sir,

Mr. Mockford, Passport Control Officer at the British Consulate here handed to me yesterday the following message from Madrid;

Jacques Guérrard who escaped from Italy with MANCINI has now obtained Spanish Passport No. 573574 in name of Armando FLUVIA VENDRELL.

He is accompanied by his wife, Maria ESCOZA BENAGUES whose name is on the same passport.

Both are stated to be now in Madrid on their way to Lisbon where they will apply to proceed to Canada.

This is to be the forerunner of regular escape route for prominent Vichy French.

Naturally this is causing quite a flurry in Security circles and France would welcome the opportunity to lay these people by the heels.

Mr. Mockford, when I told him how difficult it would be for any of these people to obtain a Canadian visa, requested me to place before you for your consideration the suggestion that their entry into Canada be facilitated with the idea of having them all under close surveillance and where they could be easily apprehended. I believe the United States Security officials (F.B.I.) approve of this plan but the French authorities have not been kept advised of developments for fairly obvious reasons.

As it is anticipated that developments will probably take place within the next two to three weeks, an early instruction would be appreciated not only as a guidance for this consulate but also to permit our United Kingdom and United States colleagues to make their dispositions which to a considerable extent will depend upon your decision.

I have etc.

LESTER S. GLASS

1262.

DEA/5127-A-40

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

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

TELEGRAM 14

Ottawa, July 9, 1946

Your despatch No. 50 June 21st. It is not desired to take the general action recommended to you but the usual care should be given to applications for Canadian visas. If United Kingdom officials in Lisbon wish to raise this matter again they should be advised to do so through Dominions Office.

1263.

W.L.M.K./Vol. 333

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

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

DESPATCH 1760

London, December 2, 1946

CONFIDENTIAL

Sir,

I have the honour to refer to my despatch No. 1401 of September 11th,† concerning the debts owed to Canada by Spain, and also to my despatch No. A663 of 8th August† concerning diplomatic relations between Canada and Spain.

2. Attached is a copy of a letter to Mr. Hudd dated 23rd November from the Treasury, reporting that Mr. Ellis-Rees, of the Treasury, when in Spain recently, had been informed by the Director-General of Political Economy at the Ministry of Foreign Affairs that Spain's diplomatic relations with Canada were not normal, that the Canadians had treated them badly, and that if they could not normalize relations the Spanish Government would find it difficult to normalize financial matters.

3. This suggestion seems to me completely unacceptable, and I am enclosing a draft† of a reply which, if you agree, I shall send to the Treasury.

4. The matter has been informally discussed with the specialists on Spain in the Foreign Office with a view to ascertaining whether they thought this attitude on the part of the Spaniards was significant of any trend in Spanish policy towards Canada in particular, or towards the United Nations in general. The Foreign Office view was that they knew of no reason why Spain should choose this particular time to act in this way towards Canada, and they suspected that it was just a convenient excuse for not paying up. They agreed that the Spanish attitude was preposterous and were in favour of telling the Spaniards so. They suggested, however, that in dealing with Spain it was advisable not to sacrifice the chances of a settlement of a number of outstanding grievances by protesting too vehemently over one. They themselves are still seeking compensation for Civil War damages to British property. The Treasury is considering the presentation to the Spanish Government of a demand for a general settlement of all outstanding financial questions, and it might be advantageous for us to collaborate with them in seeking a settlement of all Canadian grievances at the same time. It has therefore been indicated in the draft to the Treasury that we should not want, by annoying the Spaniards unduly at this time, to prejudice the chances of a general settlement later on.

5. As the Treasury would not be aware of the Kobbe case, no mention has been made in our letter to them of this additional grievance on our part. The Foreign Office, however, have said that they would be reporting directly to the Ambassador in Madrid on this development and they would remind him that this continuing cause of dissatisfaction could not be dissociated from any consideration on our part of our relations with Spain.

I have etc.

N. A. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

*La Trésorerie de Grande-Bretagne au secrétaire par intérim,  
le haut commissariat en Grande-Bretagne*

*Treasury of Great Britain to Acting Secretary,  
High Commission in Great Britain*

London, November 23, 1946

Dear Hudd,

Mr. Ellis-Rees of the Treasury has just returned from a visit to Madrid where he had discussions with Spanish authorities on matters connected with trade and payments with the United Kingdom.

At a meeting with Señor Navasques, the Director General of Political Economy at the Ministry of Foreign Affairs, he took the opportunity of men-

tioning the long outstanding question of the liquidation of the Canadian debts. Mr. Ellis-Rees said that he had ascertained that the Spanish Exchange authorities (the Instituto Español de Monéda Extranjera) has agreed to a scheme of liquidation but that nothing had been done. It had been hinted to him that this was on account of political differences with Canada, but in any event he would like to tell the Canadians what was holding things up.

Señor Navasques replied that Spain's diplomatic relations with Canada were not normal. They felt that the Canadians had treated them badly and that if they could not normalize relations, the Spanish Government would find it difficult to normalize financial matters. He added that he had no objection to our informing the Canadian Government of the reason for holding up the debt settlement which in the ordinary way would give them no trouble at all.

Yours sincerely,

PRISCILLA WELLS  
p.p. K. S. Weston

1264.

DEA/7570-40

*Le délégué commercial au Portugal au directeur, le service  
des délégués commerciaux, le ministère du Commerce*

*Trade Commissioner in Portugal to Director, Trade Commissioner Service,  
Department of Trade and Commerce*

Lisbon, December 10, 1946

Dear Mr. Heasman,

I have for acknowledgment your telegram of November 28th<sup>†</sup> enquiring as to the present situation in Spain concerning the importation of Canadian seed potatoes. The situation in Spain is precisely that which exists in Portugal, in that the import of potatoes of whatever class or kind are prohibited from the North American continent due to the prevalence of the Colorado potato beetle. I was aware of this fact from unofficial sources and I had been endeavouring through the same means to discover what the possibilities are of obtaining a change in the existing regulations in Spain. I did not reply to your cable earlier as I was fully aware of the fact that you required official information rather than my unofficial or hearsay knowledge and it was only yesterday that I received a definite reply from Spain to the effect that potatoes from North America were not allowed to enter that country.

In view of the very strong attitude which has been taken by Canadian delegates to U.N.O. who, despite the fact that we had no diplomatic mission or other diplomatic or governmental source of information in Spain, have categorically condemned the Spanish regime, I have felt most hesitant about taking or asking that there be taken any steps to place our case as regards seed potatoes or, for that matter, any other official question before the Spanish authorities. I would therefore like to have your direct instructions

as to what, if any approach I should make to Spain with regard to the question of Canadian seed potatoes. This question is not confined entirely to seed potatoes but I think is a matter of general policy which must be decided in Canada as it covers so many cases, as for example the cabled instructions which I received to approach the Spanish authorities in connection with the possible exchange of Canadian nitrates for Spanish potash. Your guidance would be much appreciated.

Yours faithfully,

L. S. GLASS

1265.

DEA/269-35C

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures  
au 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 17, 1946

SPANISH DEBTS TO CANADIAN FIRMS

We have been trying for some time to get an arrangement with the Spanish Government to permit repayment of debts owed to Canadians by persons or firms in Spain. These debts amount to about \$600,000. A good many of them have been owing since pre-civil war days. Shortage of foreign exchange has been the principal cause of delay.

2. Negotiations have been carried on through the British Treasury representative in Madrid, Mr. Weston.<sup>1</sup> Early in 1945 he reported that the Spanish authorities, in view of the comparatively small amount involved, saw no difficulty in paying off the debts in a single payment rather than by instalments. The balance of trade between Canada and Spain had been in their favour for some time, and they should therefore have been able to allot foreign exchange for the payment of the debts. Later, however, it developed that they had preferred to devote their accumulated dollars to buying a telegraph company, and would have to start saving up all over again to meet the Canadian debts. They suggested that Canada might buy more from Spain to assist them in doing so; this suggestion was felt, under the circumstances, to be scarcely practicable.

3. In November, 1945, however, they said they were prepared to come to an arrangement, though in view of their shortage of dollars they would have

<sup>1</sup> M. Weston fut le conseiller financier de l'ambassade de Grande-Bretagne en Espagne de 1943 à 1945. Il n'a pas été possible d'identifier son poste à la Trésorerie en 1946.

<sup>1</sup> Mr. Weston was the Financial Adviser of the Embassy of Great Britain in Spain from 1943 to 1945. It has not been possible to identify his position at the Treasury in 1946.

to pay by instalments. We accordingly requested the British Embassy to draft, in conference with the Spanish authorities, an exchange of letters for this purpose.

4. All through the present year the Spanish authorities have been deferring action, ostensibly because of the illness of the Director-General of their foreign exchange organization. They have now put forward the claim that, since Canada's diplomatic relations with them are not normal and since the Canadians have treated them badly, they would find it difficult to pay the debts until diplomatic relations were made normal.

5. This evidently refers to the reception by the Canadian Government of a Spanish proposal made in September, 1945, for an exchange of diplomatic representatives. The proposal was not accepted. Instructions to the Canadian High Commissioner in London were to tell the Spanish Ambassador, orally, that the Canadian Government was not prepared to receive a diplomatic mission from the present Spanish Government. While there is some doubt whether Mr. Massey actually included the word "present" in conveying this message, Count de Morales, on making similar inquiries at Ottawa, was given a reply identical with that which Mr. Massey had been instructed to give.

6. The Spanish Government are now trying to force us to exchange missions with them by withholding repayment of the commercial debts. Mr. Robertson has drafted a letter which he proposes to send Mr. Weston if it is approved. Attached is a copy of his despatch† with the draft letter.†

7. In view of the Assembly resolution on Spain, it will, I think, be necessary to alter the text of this letter. The Spanish Government, which has for so long, on the flimsiest excuses, maintained its barrier against the repayment of these debts, is even less likely at the present moment to be influenced by any considerations we could put forward. Moreover, the account in the draft letter of the reply made to the Spanish Government's proposal for an exchange of missions is quite different from anything indicated by our records. There is no precise information here as to what was said to the Spanish Ambassador in London during his call at the High Commissioner's Office, but in any case Count de Morales, during his visit to Ottawa, was definitely told that we were not prepared to receive a diplomatic mission from "the present Spanish Government", and there is no record of any pretexts having been given him along the lines of those in the draft letter.

8. To avoid any wording that might be taken to imply dissent from United Nations policy, I think the statement in the last sentence of para. 2, that "Canadian diplomatic relations with Spain are exactly as they have been in the past", will have to be modified. Para. 3, as noted above, is inconsistent with what the Spanish Government learned from its Ottawa inquiries as well as with the instructions sent to the High Commissioner in London, and in any case its tone would be out of keeping with the present situation. As it seems necessary to make some immediate reply to this preposterous attempt to blackmail the Canadian Government into accepting

a Spanish mission, and to make it clear that we cannot accept the contention that repayment of commercial debts depends on the form taken by relations between governments, I am attaching a redraft, for your consideration, of the letter to be sent to Mr. Weston.

9. The Department of Trade and Commerce and the Foreign Exchange Control Board have been in touch with the negotiations for repayment of the debts, and are being consulted on the action to be taken.

10. As stated above, the debts amount to about \$600,000. Of this, \$500,000 is due to the Ford Motor Co. of Canada for shipment of automobiles in 1935 to Ford Motor, Iberica, in Barcelona. Hudson Motors of Canada has \$80,000 coming to it for similar shipments. The other accounts are small.<sup>1</sup>

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

*Nouveau projet de lettre du haut commissaire en Grande-Bretagne  
à la Trésorerie de Grande-Bretagne*

*Redraft of Letter from High Commissioner in Great Britain  
to Treasury of Great Britain*

CONFIDENTIAL

December 17, 1946

Dear Weston,

Thank you for your letter of 23rd November, in which you reported that Ellis-Rees, of the Treasury, had been told by Señor Navasques when he was in Spain, that Spain's diplomatic relations with Canada were not normal, and that if relations could not be normalized the Spanish Government would find it difficult to normalize financial matters.

As you will no doubt realize, such an answer is totally unacceptable to us. In the first place, of course, we could not recognize that the state of Canadian diplomatic relations with Spain would have any effect on these legitimate debts. In the second place, there has been nothing abnormal about Canadian diplomatic relations with Spain. Like our relations with many other countries, they have always been conducted through the British Embassy. The development of direct diplomatic relations between Canada and other countries is comparatively recent and still far from complete. We have not as yet been able to open missions in a number of countries which have had diplomatic missions in Ottawa for some years, including some which were our allies during the war.

Last year the Spanish Government approached us with the suggestion that Ministers might be exchanged between our two countries, and further

<sup>1</sup>La note suivante était écrite sur ce mémorandum:

<sup>1</sup>The following note was written on the memorandum:

Some changes in draft are evidently required. ST. L[AURENT] 28-12-46

representations were made to us by the Spanish Ambassador in London in August of this year. We agreed at the time to the appointment of a new Spanish Consul-General in Montreal, but maintained the position previously taken that the Canadian Government would not be prepared to receive a diplomatic mission from the Spanish Government.

The fact, of course, is that as a member of the United Nations, the Assembly of which has made clear its disapproval of the present Spanish regime, we could not think, at the present time, of taking any step which could be construed as constituting any special or additional recognition of the present Spanish Government. Although we have not said so in as many words, I do not suppose that the Spaniards are unaware of this aspect of the case, which has been emphasized by the recent Assembly resolution recommending that those members of the United Nations which have ambassadors or ministers in Madrid should withdraw them.

I am sending copies of this correspondence to the Dominions Office and to the Foreign Office, as we had been keeping them informed of the developments in connection with the Spanish desire to establish direct diplomatic relations with Canada. The matter has already been discussed informally with the Foreign Office who agree with our response to the views of Señor Navasques. We should be grateful if you could ask your Representatives in Madrid to make clear to the Ministry of Foreign Affairs our views on this matter.

Yours sincerely,

PARTIE 20 / PART 20

SYRIE / SYRIA

1266.

DEA/8771-40

*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*

Ottawa, February 13, 1946

Dear Mr. Robertson,

RE SYRIA AND LEBANON

Products of Syria and Lebanon were accorded the treatment provided in the Canada-France Trade Agreement, vide Section 3 of the Canada-France Trade Agreement Act 1933, and Article 14 of the Trade Agreement.<sup>1</sup>

<sup>1</sup> Voir Canada, *Recueil des traités*, 1936, N° 18.

<sup>1</sup> See Canada, *Treaty Series*, 1936, No. 18.

From newspaper reports, the situation regarding Syria and Lebanon is not clear and I would appreciate your advice as to what tariff treatment should be accorded the products of these territories.

Yours faithfully,

D. SIM

1267.

DEA/8771-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au sous-ministre du Commerce*

*Acting Under-Secretary of State for External Affairs  
to Deputy Minister of Trade and Commerce*

Ottawa, June 11, 1946

I refer to our letter to Mr. Sim of February 25† and further correspondence with the Department of National Revenue (Customs) forwarded to your Department on the question of the customs treatment to be accorded goods originating in Syria and the Lebanon.

You will recall it was agreed that while the Levant States were no longer considered "territories under French mandate" in the sense of our trade agreement with France of May 1933, all the formalities to bring the mandate over the Levant States to an end had not yet been completed. Since Canadian exporters were benefiting from the 1933 agreement it was thought desirable that the advantages extended by Canada to Syria and the Lebanon in accordance with Article 14 of the trade agreement should be continued for the time being.

We have now been informed that during the final session of the Assembly of the League of Nations held at Geneva in April 1946 a resolution was adopted welcoming the termination of the mandated status of Syria and the Lebanon. The last formalities marking the recognition of Syrian and Lebanese independence have thus been completed.

Article 14 of the Canada-France Trade Agreement and Article 4 of the Additional Protocol of February 26th, 1935, under which intermediate tariff rates are levied against certain products of territories under French mandate, can thus no longer be interpreted as applying to Syria and the Lebanon, since the latter are no longer under mandate. Of their own accord, however, both Syria and the Lebanon continue to grant Canada the most-favoured-nation treatment which was required under the mandate. Neither have they made any change in other rights guaranteed to Canadians under Articles 10 and 11 of the mandate which has now been extinguished.

The Department of External Affairs therefore takes the view that the customary intermediate tariff rates should continue to be levied against goods

of Syrian and Lebanese origin as a reciprocal courtesy pending world trade talks, when a tariff agreement between our two countries might be formalized.

I should be glad to learn if you agree with this view. If so, we might inform the Department of National Revenue (Customs) to that effect.<sup>1</sup> Perhaps an arrangement might also be made whereby your Department could inform the Department of National Revenue and this Department should any change arise with respect to the treatment of Canadians or of Canadian goods by Syria and the Lebanon which might involve a reconsideration of our present position.

H. H. WRONG

1268.

DEA/8771-40

*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*

Ottawa, July 17, 1946

I have your letter of June 15th, † your file 29307-A, in which you concur in the view of this Department that it would be appropriate for Canada to continue to grant Syria and Lebanon the privileges of the Intermediate Tariff as a reciprocal courtesy pending world trade talks when a tariff agreement between our countries may be formalized.

I enclose copy of a letter of June 21st from the Deputy Minister of National Revenue (Customs and Excise) stating that since the provisions of the Canada-France Trade Agreement and Protocols thereto no longer apply to Syria and Lebanon, products of those countries immediately revert to the general tariff status unless provision is made by the Governor General in Council.

I have accordingly prepared the attached draft submission to Council<sup>2</sup> recommending that the tariff benefits accorded to Syria and Lebanon under Article XIV of the Canada-France Trade Agreement of May 12th, 1933, as amended by Article IV of the Additional Protocol of February 26th, 1935, continue to be extended to these countries. The recommendation is based on the understanding that Syria and Lebanon are continuing to accord us most-favoured-nation treatment in tariff matters and have made no change in the other rights guaranteed to Canadians under Regulations 10 and 11 of the man-

<sup>1</sup> Le ministère du Commerce a accepté cette proposition le 15 juin.

<sup>2</sup> Voir le document suivant.

<sup>1</sup> The Department of Trade and Commerce agreed to this proposal on June 15.

<sup>2</sup> See following document.

date which has now been extinguished. Mr. Lamontagne of your Department advised us in the first instance that this was the case, and since you have undertaken to notify us if you should hear of any change respecting the treatment accorded Canadians or Canadian goods by Syria or Lebanon, we assume that the favourable treatment is still applicable.

I should be grateful to learn if your Department concurs in the proposed recommendation to Council.

We are also seeking the concurrence of the Department of National Revenue and the Department of Finance.

[PIÈCE JOINTE/ENCLOSURE]

*Le sous-ministre du Revenu national (Douanes et Accise)  
au sous-secrétaire d'État associé aux Affaires extérieures*

*Deputy Minister of National Revenue (Customs and Excise)  
to Associate Under-Secretary of State for External Affairs*

Ottawa, June 21, 1946

Dear Mr. Wrong,

I have your letter of the 19th<sup>†</sup> instant further in regard to the status of Syrian and Lebanese products, and note that the mandated status of Syria and Lebanon has been terminated.

I further note that both Syria and Lebanon of their own accord are continuing to grant Canada most favoured nation treatment formerly required in accordance with Article 14 of the Canada-France Trade Agreement, and that your Department feels that Intermediate Tariff rates should continue to be levied on products originating in those countries.

As the provisions of the Canada-France Trade Agreement and Protocols thereto no longer apply to Syria and Lebanon, products of those countries immediately revert to General Tariff status, and this Department could not grant more favourable treatment unless provision is made by the Governor General in Council.

If it is desired to grant most favoured nation treatment to Syria and Lebanon, the authority available for action by the Governor General in Council is Section 11 of the Customs Tariff. If it is desired to grant merely Intermediate Tariff rates, the authority available is Section 4(g) of the Customs Tariff.

Yours faithfully,

D. SIM

1269.

DEA/8771-40

*Le secrétaire d'État aux Affaires extérieures  
au Gouverneur général en Conseil*

*Secretary of State for External Affairs to Governor General in Council*

Ottawa, November 5, 1946

The undersigned, Secretary of State for External Affairs, has the honour to report:

1. Under the authority of Section 11 of the Customs Tariff the Governor in Council is empowered to make such reductions of duties on goods imported into Canada from any other country or countries as may be deemed reasonable by way of compensation or concessions granted by any such country or countries.

2. By the termination of the mandate of the Government of France over Syria and Lebanon the advantages extended by Canada to those states in accordance with article XIV of the Canada-France Trade Agreement of May 12th, 1933, as amended by Article IV of the Additional Protocol of February 26th, 1935, are discontinued and the products of Syria and Lebanon revert to general tariff status unless provision is made by the Governor General in Council.

3. Syria and Lebanon of their own accord continue to grant Canada most-favoured-nation tariff treatment which was required under the mandate and have made no change in the other rights guaranteed to Canadians under Regulations 10 and 11 of the mandate which has now been extinguished.

The undersigned, therefore, with the concurrence of the Minister of Finance, the Minister of Trade and Commerce and the Minister of National Revenue has the honour to recommend that it be ordered, pursuant to Section 11 of the Customs Tariff that the tariff benefits formerly accorded to Syria and Lebanon in their capacities as mandated territories under Article XIV of the Canada-France Trade Agreement of May 12th, 1933, as amended by Article IV of the Additional Protocol of February 26th, 1935, continue to be extended to the products originating in and coming from Syria and Lebanon when conveyed without transshipment from a port of Syria or Lebanon or from a port of a country enjoying the benefits of British Preferential or Intermediate Tariff into a Customs Port of Canada and that this arrangement shall remain in effect as long as Syria and Lebanon continue to grant Canada most-favoured-nation tariff treatment or until otherwise decreed by the Governor in Council.

All of which is respectfully submitted.<sup>1</sup>

LOUIS S. ST. LAURENT

<sup>1</sup>Cette recommandation fut approuvée le 19 novembre. Voir Décret du Conseil P.C. 4791.

<sup>1</sup>This recommendation was approved on November 19. See Order in Council P.C. 4791.

## PARTIE 21 / PART 21

## TURQUIE / TURKEY

1270.

DTC/Vol. 704,4-T3-3A

*Le directeur, la direction des relations commerciales et des tarifs étrangers,  
le ministère du Commerce, au délégué commercial en Égypte*

*Director, Commercial Relations and Foreign Tariffs Branch, Department  
of Trade and Commerce, to Trade Commissioner in Egypt*

CONFIDENTIAL

[Ottawa,] May 6, 1946

Dear Mr. Grew,

Your letter† addressed to the Director of the Trade Commissioner Service enclosing communication† that you received from Mr. M. S. Dormen with inquiry as to the prospects of a trade agreement between Turkey and Canada, was passed on to me in due time. The Turkish Minister in Ottawa has been informed on several occasions during the past month of Canada's willingness to negotiate a trade agreement on the basis of exchange of most-favoured-nation treatment between the two countries, but we understand that up to the present time the Minister has not received any instructions in this connection from his government and there have consequently been no further developments.

While we understand that a few Canadian firms have been able to make sales in Turkey, others have informed us that it has proved to be impossible to arrange for obtaining payment in United States dollars as required by the Foreign Exchange Control Board, with the result that it has been impossible for firms in the latter group to do business. The explanation given by the Turks as to the non-availability of exchange for making purchases in Canada has usually been that it is not their policy to make exchange available for the purchase of goods from countries with which they do not have a commercial agreement.

It is of course possible that the difficulty of doing business with Turkish firms is principally the result of a real shortage of foreign exchange on their part, which leads them to allocate such supplies as they have for the purchase of those imports that the Turkish Government deems to be most essential.

On the other hand, it has been suggested that the customers of one particular agency in New York (the Brenner Corporation) ordinarily receive a degree of consideration which is not extended to those who do business through other channels. How this agency has acquired its influence in Turkish governmental circles we of course do not know. There is in fact much that we do not understand about Turkish business practices and the methods by which it is possible to sell goods and receive payment in that country. We have in any case taken the initiative in informing our Turkish friends that

we are prepared to negotiate a trade agreement with them, we are satisfied that this information is in the possession of the authorities at Ankara, and we feel that the next move, if any, should be made by the Turkish Government.

All this is naturally for your confidential information.

Yours faithfully,

H. R. KEMP

1271.

DTC/Vol. 704,4-T3-3A

*Mémorandum de l'ambassade de Turquie au gouvernement du Canada*

*Memorandum from Embassy of Turkey to Government of Canada*

Ottawa, September 9, 1946

In conformity with the desire expressed some time ago by the Canadian Government, the Government of the Republic too are anxious to conclude with Canada a Treaty of Commerce and Navigation on the basis of most favoured nations. This could be accomplished either by means of direct negotiations or else, if the Canadian Government so desires, by the adherence of Canada to the Treaty of Commerce and Navigation of 1930 which exists between Turkey and Great Britain. This adherence might be obtained by way of a communication made by the diplomatic representative of His Majesty the King in Turkey according to the stipulations of Article 38 of this Convention.

1272.

DTC/Vol. 704,4-T3-3A

*Le sous-ministre du Commerce au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Trade and Commerce to Under-Secretary of State  
for External Affairs*

Ottawa, September 27, 1946

I refer to your letter of September 12<sup>†</sup> regarding the proposed trade agreement between Canada and Turkey.

We agree with your feeling that Canada should not consider adherence to the United Kingdom-Turkey Treaty of Commerce and Navigation but should proceed with direct negotiations with Turkey. We have looked up the text of this Treaty and find that it is a fairly comprehensive instrument covering considerations outside the range of most of Canada's commercial

agreements. You will recall that we have suggested that the negotiation of a treaty of friendship, commerce and navigation with the United States should be postponed owing to the shortage of manpower and owing also to the fact that it would involve overlapping with some of the matters to be shortly under discussion at the world conference on trade and employment. The same considerations would apply also in favour of postponing the negotiation of an elaborate treaty with Turkey.

With respect to your request for our views as to the form the agreement should take, I have pleasure in sending you herewith copy in duplicate of a pro forma trade agreement<sup>†</sup> and would suggest that these be handed to the Turkish Ambassador.

M. W. MACKENZIE

1273.

DEA/9371-A-40

*Mémorandum du gouvernement du Canada à l'ambassade de Turquie*

*Memorandum from Government of Canada to Embassy of Turkey*

Ottawa, October 5, 1946

The Government of Turkey and the Government of Canada have both expressed their desire to conclude a Treaty of Commerce on the most-favoured-nation basis.

In view of the proposed World Conference on Trade and Employment, which seems likely to be called toward the end of 1947 by the Economic and Social Council of the United Nations, and in view of the probability of a general multilateral trade treaty emerging from that World Conference, it seems desirable at this time to conclude a simple most-favoured-nation treaty to run for a period of one year and thereafter until terminated by either party on three months' notice.

Attached are two copies of our usual draft of a most-favoured-nation treaty.<sup>†</sup> It is suggested that this draft, with the amendment to Article VIII as to duration mentioned above, might form the basis of direct negotiations in Ottawa between the Turkish Government and the Canadian Government.<sup>1</sup>

<sup>1</sup> La note suivante était écrite sur ce mémorandum:

Sent by hand to Turkish Minister, 12:30 p.m. [MARJORIE] MCK[ENZIE]

<sup>1</sup> The following note was written on the memorandum:

## PARTIE 22 / PART 22

## URUGUAY

1274.

DEA/1082-40

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

*Secretary of State for External Affairs to  
Ambassador of Great Britain in Uruguay*

Ottawa, December 9, 1946

Sir,

I have the honour to inform you that representations have been made to the Canadian Embassy in Buenos Aires by Houlder Brothers and Company (Argentina) Ltd. who are the local agents for Furness (Canada) Ltd., complaining that Uruguayan consular arrangements in Canada are inadequate for facilitating Canadian shipments to Uruguay.

2. There is no Uruguayan consular office at Saint John, New Brunswick, or Halifax, Nova Scotia, from which ports Canadian shipments to South America are frequently made. In consequence, shipping papers have to be airmailed to Montreal at heavy expense, with resulting delay.

3. The Consul-General of Uruguay in Montreal, Señor Alvaro Guillot Munoz, is believed to have no responsible assistants on his staff, with the result that he is unable to deal expeditiously with ships' papers or the legalizing of bills of lading. In the case of one recent sailing from Canada, he was unable to deal with the ship's papers or the merchants' bills of lading until sixteen days after the ship had sailed. This naturally causes Canadian exporters great inconvenience, and also is prejudicial to Uruguayan importers awaiting shipments and deliveries.

4. We are informed that the Uruguayan consular service in New York is very much better, and that a real danger exists that shippers will revert to the New York route for this reason, with consequent damage to the Canadian shipping company and Canadian interests generally.

5. If you see no objection we should be grateful if you could explain the situation to the Uruguayan Government and point out the advantages that would result both to Uruguayan importers and to Canadian exporters if increased Uruguayan consular facilities were provided at either Saint John or at Halifax, or failing this, if the Consulate-General in Montreal were put in a position to handle shipping papers of Canadian exporters more expeditiously.

6. I should be grateful therefore, if you could take an opportunity of bringing this matter to the attention of the Uruguayan Government, and advise me in due course of the result.

7. I am sending to the Canadian Ambassador in Buenos Aires a copy of this despatch, for his personal information.

I have etc.

R. M. MACDONNELL  
for the Secretary of State  
for External Affairs

1275.

DEA/1082-40

*L'ambassadeur en Argentine au secrétaire d'État aux Affaires extérieures*  
*Ambassador in Argentina to Secretary of State for External Affairs*

TELEGRAM 200

Buenos Aires, December 14, 1946

Your telegram No. 172 of December 13th.† In accordance with instructions from his Department,<sup>1</sup> Maguire<sup>2</sup> called on Uruguayan Foreign Minister in Montevideo on December 12th. On my advice, he first called at British Embassy and was accompanied to the interview by Second Secretary, Commercial, of that Embassy. He reports interview as most satisfactory. Uruguayan Government propose to send an extra official to Consulate in Montreal and will ask Department of Trade and Commerce to nominate someone in Saint John to act as Vice-Consul there.

PARTIE 23 / PART 23

YUGOSLAVIE / YUGOSLAVIA

1276.

DEA/9035-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*  
*à la deuxième direction politique<sup>3</sup>*

*Memorandum from Under-Secretary of State for External Affairs*  
*to Second Political Division<sup>3</sup>*

[Ottawa,] November 20, 1946

Mr. Cabric, the Yugoslav Chargé d'Affaires, called to see me this morning, and mentioned the friendly conversation he had had with you some time

<sup>1</sup> Le ministère du Commerce.

<sup>2</sup> E. H. Maguire, secrétaire commercial par intérim, ambassade en Argentine.

<sup>3</sup> À G. L. Magann.

<sup>1</sup> Department of Trade and Commerce.

<sup>2</sup> E. H. Maguire, Acting Commercial Secretary, Embassy in Argentina.

<sup>3</sup> To G. L. Magann.

ago on the Stepinac matter.<sup>1</sup> He said that he was glad to be able to co-operate by not publishing his letter. He also intimated that he rather got the impression that, as a return for this co-operation on his part, you had suggested that Yugoslavia might receive some kind of help from Canada in 1947. He was hard to understand, and I am not sure whether he was referring to the development of trade relations or relief supplies. I think the latter, as he mentioned their need for cattle. I told him that, insofar as relief was concerned, our policy was to take our fair share of the international relief burden, and that this whole question was now under consideration in New York. If, as a result of this consideration, Canada participated in international relief, her supplies would be sent to those who needed them the most, after international consultation. This made it impossible, therefore, to discuss relief supplies for any particular country. I emphasized that we had been approached by other countries for help, if and when UNRRA came to an end, but that we did not make any commitments of this kind because we did not like, in principle, the idea of relief being handled on a unilateral or bilateral basis.<sup>2</sup>

L. B. P[EARSON]

1277.

DEA/9035-40

*Mémoire du chef, la direction économique, au sous-secrétaire d'État  
aux Affaires extérieures*

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

[Ottawa,] November 21, 1946

With reference to your memorandum of 20.11.46 attached, on the subject of your talk with the Yugoslav Chargé d'Affaires, I believe either Mr. Robertson or Mr. Wrong was approached by Aluminium Company officials seeking advice as to whether they should negotiate with the Yugoslav Gov-

<sup>1</sup>L'archevêque Aloysius Stepinac de Zagreb en Yougoslavie fut condamné en octobre 1946 à seize ans d'emprisonnement pour avoir collaboré avec l'ennemi. M. Cabric avait menacé de présenter une lettre de protestation au gouvernement canadien au sujet d'une déclaration de l'archevêque de Toronto sur le cas Stepinac critiquant le gouvernement yougoslave.

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

Note added to the bottom of this memo by Mr. Magann. Mr. Cabric's imminent return for a visit to his homeland has made him very accessible to impressions. At the close of our discussion I asked him for a description of conditions in Yugoslavia and obtained on my part the impression that his country needed almost nothing except possibly cattle and hides.

<sup>1</sup>Archbishop Aloysius Stepinac of Zagreb in Yugoslavia was sentenced in October, 1946 to sixteen years imprisonment for collaboration with the enemy. Mr. Cabric had threatened to present a letter of protest to the Canadian Government concerning a statement by the Archbishop of Toronto on the Stepinac case criticizing the Yugoslav Government.

<sup>2</sup>The following note was written on the memorandum:

ernment for the development of properties. They were discouraged from proceeding because of the control the U.S.S.R. had over Yugoslav Economy. Our Records indicate that the Aluminium Company officials received further discouragement when we acted for them in representations to the Yugoslav authorities. In our Note No. 4 of April 26th† we transmitted the request of the Aluminium Secretariat Limited (1) for the present management of their Company in Trieste to be allowed access to the mines in the Yugoslav zone and (2) to have bauxite in storage in the Yugoslav zone shipped to traditional customers in Italy. Both requests were in effect rejected by the Yugoslav government.

I suspect that a further deterrent is the possibility of nationalization. The assurance that there would be no nationalization without compensation is worth little as an inducement to a company to put its efforts into development work. On this subject we have just received a telegram† from our High Commissioner in London asking us to forward all claims for properties situated in Yugoslavia which are in danger of nationalization. While we have no definite information that mines are to be nationalized, it is a likely possibility.

With reference to the prospects of trade between Yugoslavia and Canada I agree that we can give them no encouragement as long as the present political situation continues. I doubt if we could give them any encouragement even if the political situation improves. Imports from that country were roughly \$62,000 in 1937, \$63,500 in 1938 and \$188,000 on the eve of the outbreak of the war in 1939. Exports for the same three years were \$46,600, \$12,500, and \$20,000. The disruption of the German economy probably improves our prospects of supplying manufactured goods, but at the best I don't think we can hope for much trade.

S. D. PIERCE

# APPENDICES

## APPENDICE A / APPENDIX A

DÉLÉGATIONS CANADIENNES À LA PREMIÈRE SESSION  
DE L'ASSEMBLÉE GÉNÉRALE DES NATIONS UNIES  
CANADIAN DELEGATIONS TO THE FIRST SESSION OF THE  
GENERAL ASSEMBLY OF THE UNITED NATIONS

### PREMIÈRE PARTIE

### FIRST PART

(LONDRES, 10 JANVIER-14 FÉVRIER) (LONDON, JANUARY 10-FEBRUARY 14)

fonctions,  
ministère  
ou agence

position,  
department  
or agency

#### REPRÉSENTANTS/REPRESENTATIVES

ministre de la Justice	L. S. St. Laurent	Minister of Justice
ministre de l'Agriculture	J. G. Gardiner	Minister of Agriculture
secrétaire d'État	Paul Martin	Secretary of State
haut commissaire en Grande-Bretagne	Vincent Massey	High Commissioner in Great Britain
sous-secrétaire d'État associé aux Affaires extérieures	H. H. Wrong	Associate Under-Secretary of State for External Affairs

#### REPRÉSENTANTS SUPPLÉANTS/ALTERNATE REPRESENTATIVES

conseiller juridique, Affaires extérieures	J. E. Read	Legal Adviser, External Affairs
ambassadeur en Union soviétique	L. D. Wilgress	Ambassador in Soviet Union
ministre aux Pays-Bas	Pierre Dupuy	Minister in The Netherlands
député fédéral	Gordon Graydon	Member of Parliament
député fédéral	S. H. Knowles	Member of Parliament

## CONSEILLERS/ADVISERS

haut commissariat en Grande-Bretagne	Alfred Rive	High Commission in Great Britain
Banque du Canada	L. Rasminsky	Bank of Canada
Affaires extérieures	Escott Reid	External Affairs
Affaires extérieures	C. S. A. Ritchie	External Affairs
Service d'information canadien	G. C. Andrew	Canadian Information Service
haut commissariat en Grande-Bretagne	J. W. Holmes	High Commission in Great Britain
Affaires extérieures	R. A. D. Ford	External Affairs
Finances	J. E. Jones	Finance
Affaires extérieures	E. A. Côté	External Affairs
haut commissariat en Grande-Bretagne	D. V. LePan	High Commission in Great Britain

## ATTACHÉS DE PRESSE/PRESS OFFICERS

Service d'information canadien	G. C. Andrew	Canadian Information Service
haut commissariat en Grande-Bretagne	C. Moodie	High Commission in Great Britain

## SECRÉTAIRE GÉNÉRAL/SECRETARY-GENERAL

Affaires extérieures	L. Malania	External Affairs
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## SECRÉTAIRE ADJOINT/ASSISTANT SECRETARY

Affaires extérieures	T. L. Carter	External Affairs
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## DEUXIÈME PARTIE

(NEW YORK, 23 OCTOBRE-  
15 DÉCEMBRE)

## SECOND PART

(NEW YORK, OCTOBER 23-  
DECEMBER 15)fonctions,  
ministère  
ou agenceposition,  
department  
or agency

## REPRÉSENTANTS/REPRESENTATIVES

ministre de la Justice, secrétaire d'État aux Affaires extérieures, président de la délégation	L. S. St. Laurent	Minister of Justice, Secretary of State for External Affairs, Chairman of the Delegation
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secrétaire d'État	Paul Martin	Secretary of State
sénateur, ministre sans portefeuille	W. McL. Robertson	Senator, Minister without Portfolio
chef de l'Opposition, Chambre des communes	John Bracken	Leader of the Opposition, House of Commons
chef parlementaire, Fédération du commonwealth coopératif	M. J. Coldwell	Parliamentary Leader, Co-operative Commonwealth Federation

## REPRÉSENTANTS SUPPLÉANTS/ALTERNATE REPRESENTATIVES

chef de l'Opposition, Sénat	J. T. Haig	Leader of the Opposition, Senate
ambassadeur au Mexique	H. L. Keenleyside	Ambassador in Mexico
adjoint parlementaire du ministre de la Reconstruction et des Approvisionnements	G. J. McIlraith	Parliamentary Assistant to the Minister of Reconstruction and Supply
sous-ministre du Commerce	M. W. Mackenzie	Deputy Minister of Trade and Commerce
ambassadeur en Union soviétique	L. D. Wilgress	Ambassador in Soviet Union

## CONSEILLERS/ADVISERS

Service d'information canadien	G. C. Andrew	Canadian Information Service
Finances	H. J. Armstrong	Finance
Affaires extérieures	Mlle H. D. Burwash Miss	External Affairs
Affaires extérieures	H. H. Carter	External Affairs
Affaires extérieures	E. A. Côté	External Affairs
Affaires extérieures	G. E. Cox	External Affairs
Affaires extérieures	E. R. Hopkins	External Affairs
Affaires extérieures	G. Ignatieff	External Affairs
Affaires extérieures	R. M. Macdonnell	External Affairs
Affaires extérieures	Escott Reid	External Affairs

## SECRÉTAIRE GÉNÉRAL/SECRETARY-GENERAL

Affaires extérieures	E. A. Côté	External Affairs
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## SECRÉTAIRES/SECRETARIES

Affaires extérieures	G. E. Cox	External Affairs
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Affaires extérieures	B. M. Williams	External Affairs
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## ATTACHÉS À L'INFORMATION/INFORMATION OFFICERS

Service d'information canadien	G. C. Andrew	Canadian Information Service
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Service d'information canadien	T. F. Newton	Canadian Information Service
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## APPENDICE B / APPENDIX B

### ABRÉVIATIONS D'IDENTIFICATION DES DÉLÉGATIONS CANADIENNES<sup>1</sup>

#### IDENTIFYING ABBREVIATIONS OF CANADIAN DELEGATIONS<sup>1</sup>

Message de la délégation à l'Assemblée générale des Nations Unies	ASDEL	Message from Delegation to the General Assembly of the United Nations
Message de la délégation à la Commission de l'énergie atomique des Nations Unies	ATOM	Message from Delegation to Atomic Energy Commission of the United Nations
Message pour la délégation à la Conférence de paix de Paris	CADEL	Message for Delegation to Paris Peace Conference
Message pour la délégation à l'Assemblée générale des Nations Unies	DELAS	Message for Delegation to the General Assembly of the United Nations
Message de la délégation à la Conférence de paix de Paris	DELCA	Message from Delegation to Paris Peace Conference
Message de la délégation au Conseil économique et social des Nations Unies	ECSOC	Message from Delegation to Economic and Social Council of the United Nations
Message pour la délégation à la Conférence générale de l'UNESCO	ESCUN	Message for Delegation to the General Conference of UNESCO
Message de la délégation à la Conférence générale de l'UNESCO	UNESC	Message from Delegation to the General Conference of UNESCO

<sup>1</sup> Les délégations canadiennes à l'étranger envoyaient et recevaient des télégrammes par l'entremise de la mission canadienne la plus proche. Ces abréviations, qui se trouvent habituellement dans la première ligne d'un télégramme, furent utilisées afin de permettre aux fonctionnaires à Ottawa et à la mission de faire la différence rapidement entre les messages de ou pour une délégation et les messages réguliers de ou pour la mission. Dans certains cas, ces abréviations d'identification furent aussi utilisées dans les dépêches.

<sup>1</sup> Canadian delegations abroad sent and received telegrams through the nearest Canadian post. These abbreviations, usually found in the first line of a telegram, were used to allow officials in Ottawa and at the mission to quickly differentiate between messages for or from a delegation and routine messages for or from the post. In certain cases, these identifying abbreviations were also used in despatches.



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HAUT COMMISSARIATS—HIGH COMMISSIONS<sup>2</sup>

<p><b>AUSTRALIE</b> AUSTRALIA</p> <p>HC T. C. Davis (-5) AJHC C. M. Croft (5-)* CC C. M. Croft* 2S A. J. Pick (-2) 2S T. P. Malone (7-) 3S G. A. Rau (3-) CS F. W. Fraser (2-)* ACS T. R. G. Fletcher (2-) ACS B. I. Rankin (2-) MA C. A. Turnbull (-4) PA T. P. Malone (-7)</p>	<p><b>GRANDE-BRETAGNE</b> GREAT BRITAIN</p> <p>HC V. Massey (-5) AJHC F. Hudd (5-10) HC N. A. Robertson (10-) CR E. Reid (-2) AJ S F. Hudd AJ S A. Rive (-6) 1S J. W. Holmes (7-) 1S D. V. LePan (10-) N1S J. Léger 2S J. W. Holmes (-7) 2S D. V. LePan (-10) 3S H. R. Horne (7-) 3S P. T. Molson (2-) 3S H. R. Horne (7-) CC A. E. Bryan (4-)* CS R. P. Bower (2-)* CS R. W. Blake (2-) CS W. B. Gornall (2-)* CS R. D. Roe (2-)* PA C. Moodie AJ O E. H. Jones (-7) O J. P. Sigvaldason (7-)</p>	<p><b>IRLANDE</b> IRELAND</p> <p>HC M. M. Mahoney (-5) AJHC E. J. Garland (5-) NHC W. F. A. Turgeon 1S J. R. M. Walker (4-) S E. J. Garland (-4) N3S J. A. Irwin</p>	<p><b>TERRE-NEUVE</b> NEWFOUNDLAND</p> <p>HC J. S. Macdonald 3S P. A. Bridle (-8) 3S A. E. L. Cannon (8-)</p>	<p><b>NOUVELLE-ZÉLANDE</b> NEW ZEALAND</p> <p>HC W. A. Riddell (-5) AJHC J. R. M. Walker (5-10) HC A. Rive (10-) 2S J. R. M. Walker CS P. V. McLane (10-)* ACS M. R. M. Dale (10-)</p>	<p><b>AFRIQUE DU SUD</b> SOUTH AFRICA</p> <p>AJHC J. C. MacGillivray (-7) AJHC A. J. Pick (7-) NHC E. D. McGreer 2S A. J. Pick (2-) CC J. H. English (6-)* CS S. V. Allen (7-)* ACS D. S. Armstrong (7-)</p>
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LÉGENDE—LEGEND

PAR INTERIM	A	ACTING
ATTACHÉ DE L'AIR	AA	AIR ATTACHÉ
SECRÉTAIRE COMMERCIAL ADJOINT	ACS	ASSISTANT COMMERCIAL SECRETARY
CONSEILLER	AD	ADVISER
AMBASSADEUR	AM	AMBASSADOR
ATTACHÉ	AT	ATTACHÉ
CONSUL	C	CONSUL
CHARGÉ D'AFFAIRES	CA	CHARGÉ D'AFFAIRES
CONSEILLER COMMERCIAL	CC	COMMERCIAL COUNSELLOR
CONSEILLER FINANCIER	CF	FINANCIAL COUNSELLOR
CONSUL GÉNÉRAL	CG	CONSUL GENERAL
CONSEILLER	CR	COUNSELLOR
SECRÉTAIRE COMMERCIAL	CS	COMMERCIAL SECRETARY
CONSEILLER ÉCONOMIQUE	EA	ECONOMIC ADVISER
CHEF DE MISSION	H	HEAD OF MISSION
HAUT COMMISSAIRE	HC	HIGH COMMISSIONER
ATTACHÉ À L'INFORMATION	I	INFORMATION OFFICER
MINISTRE	M	MINISTER
ATTACHÉ MILITAIRE	MA	MILITARY ATTACHÉ
NOMMÉ	N	NOMINATED
ATTACHÉ NAVAL	NA	NAVAL ATTACHÉ
PRÉPOSÉ À L'ADMINISTRATION	O	ADMINISTRATIVE OFFICER
ATTACHÉ DE PRESSE	PA	PRESS ATTACHÉ
SECRÉTAIRE (1 <sup>re</sup> , 2 <sup>e</sup> , 3 <sup>e</sup> )	S	SECRETARY (1st, 2nd, 3rd)
ADJOINT	T	ASSISTANT
VICE-CONSUL	VC	VICE-CONSUL

AMBASSADES—EMBASSIES

<p><b>ARGENTINE</b> ARGENTINA</p> <p>AM W. F. Chipman CR K. P. Kirkwood (-7) 1S F. H. Walter (5-) 2S J. Fournier AJCS J. C. Depocas (-6)* AJCS E. H. Maguire (2-)*</p>	<p><b>BELGIQUE</b> BELGIUM</p> <p>AM W. F. A. Turgeon (-8)<sup>3</sup> AM V. Doré (11-)<sup>3</sup> CR E. D. McGreer (-11) CR H. Allard (11-) 2S M. Cadieux 3S T. L. Carter (2-) N3S J. H. Thurrott CS M. B. A. MacDonald* ACS A. B. Brodie (7-) MA C. P. Hébert (-4) AJMA M. A. Cardinal (5-10) C J. A. Mitchell (2-)</p>	<p><b>BRÉSIL</b> BRAZIL</p> <p>AM J. Déry 1S E. B. Rogers (10-) 2S E. B. Rogers (-10) 2S J. L. Deisle (11-) 3S R. Chaput (-10) CS M. Bélanger* CS W. B. McCullough (9-)* ACS W. G. Smith</p>	<p><b>CHILI</b> CHILE</p> <p>NJAM C. F. Elliott CA J. Léger (-11) CA P. Tremblay (11-) 1S J. Léger (10-11) 1S C. A. Ronning (-10) 2S J. Léger (-10) 2S P. Tremblay (11-) CS M. J. Vechslér (-3)* CS J. L. Mutter (7-)* ACS R. E. Gravel</p>	<p><b>CHINE</b> CHINA</p> <p>AM V. W. Odium (-10) NJAM T. C. Davis CA C. A. Ronning (-10) 1S C. A. Ronning 3S J. D. M. Weld (9-) 3S P. G. R. Campbell CC L. M. Cosgrave (11-)* MA W. M. Bostock</p>	<p><b>FRANCE</b> FRANCE</p> <p>AM G. P. Vanier CR G. L. Magann (-5) NCR C. S. A. Ritchie 1S J. A. Chappelaïne (7-) 2S S. F. Rae (7-) 2S S. F. Rae (-7) 2S P. A. Beaulieu 3S J. J. M. Côté (-12) 3S J. D. M. Weld (9-) CS Y. Lamontagne* CS J. H. Tremblay (4-)* ACS D. W. Jackson AA D. M. Edwards MA M. Forget T/PA E. R. Bellemare AT D. C. Unwin-Simpson C O. Cormier C G. Audet</p>	<p><b>GRÈCE</b> GREECE</p> <p>AM L. P. LaFlèche 3S J. George CS T. J. Monty (10-) AT M. B. MacLachlan</p>	<p><b>MEXIQUE</b> MEXICO</p> <p>AM H. L. Keenleyside 1S H. Allard (-9) 2S C. C. Eberts 2S G. W. Hilborn (11-) 3S B. M. Meagher CC D. S. Cole* ACS A. W. Evans AT I. Baird (2-)</p>	<p><b>PÉROU</b> PERU</p> <p>AM L. D. Wilgress 1S L. Mayrand (-11) 2S R. A. D. Ford (8-) 3S F. M. Tovell CS W. G. Stark* ACS C. J. Van Tighem</p>	<p><b>UNION SOVIÉTIQUE</b> SOVIET UNION</p> <p>AM L. D. Wilgress 1S L. Mayrand (-11) 2S R. A. D. Ford (8-) 3S F. M. Tovell CS W. G. Stark* ACS C. J. Van Tighem</p>	<p><b>ÉTATS-UNIS</b> UNITED STATES</p> <p>AM L. B. Pearson (-10) AM H. H. Wrong (10-) M T. A. Stone (11-) CR T. A. Stone (-11) CR C. P. Hébert (7-) 1S G. G. Morrow (-7) 1S G. Ignatieff (10-) 2S R. E. Collins 2S P. Tremblay (-11) 2S A. E. Ritchie (-6) N2S R. M. Keith 3S J. R. Murray 3S H. H. Wright (2-) 3S R. L. Rogers (8-) N3S J. J. M. Côté CC H. A. Scott* N/CF J. F. Parkinson CS G. R. Patterson CS S. V. Allen (-3) ACS F. T. Cook (9-) ACS B. J. Bachand (2-) ACS W. D. Wallace (2-) MA W. C. Dick T/MA W. C. Leonard (2-) AA F. Homer-Smith (-8) AA H. M. Carscallen (8-) NA F. J. D. Pemberton I T. F. M. Newton O J. W. L. H. Lavigne (2-)</p>
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LÉGATIONS—LEGATIONS

<p><b>CUBA</b> CUBA</p> <p>M É. Vaillancourt 2S A. R. Menzies (-5) 3S T. B. B. Wainman-Wood (5-) CS R. G. C. Smith (1-)* VC B. McGregor (2-)</p>	<p><b>PAYS-BAS</b> NETHERLANDS</p> <p>M P. Dupuy 1S H. F. Feaver CC J. A. Langley* MA C. P. Hébert (-4) O W. F. Hoogendyke (-2) VC A. O. Petersen (2-)</p>	<p><b>NORVÈGE</b> NORWAY</p> <p>M J. D. Kearney (2-)<sup>4</sup> 3S R. Campbell CS S. G. MacDonald*</p>
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CONSULATS—CONSULATES

<p><b>GROENLAND</b> GREENLAND</p> <p>VC M. J. Dunbar (-6)</p>	<p><b>PORTUGAL</b> PORTUGAL</p> <p>AJCG L. S. Glass (1-)* VC P. E. Morin (3-)</p>	<p><b>ÉTATS-UNIS</b> UNITED STATES</p> <p><i>New York</i> CG H. D. Scully C K. A. McCloskey C J. A. Strong* VC L. Ausman (-7) VC C. H. West VC P.-E. Morin (-2) VC C.-E. Châtillon VC J. A. Stiles (7-) <i>Portland, Maine</i> VC J. D. Foote (-4) VC A. Lafleur (5-)<sup>5</sup></p>	<p><b>VENEZUELA</b> VENEZUELA</p> <p>AJCG C. S. Bissett (4-)*</p>
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MISSIONS SPÉCIALES—SPECIAL MISSIONS

<p><b>ALLEMAGNE<sup>6</sup></b> GERMANY<sup>6</sup></p> <p>H M. A. Pope CR S. M. Scott 2S J. A. McCordick (7-) AD G. W. McPherson FA R. Geddes (3-6) ER G. Berthiez (2-) T/ER E. Wadley (11-) AT J. G. McQueen AT A. W. Clabon AT P. M. Roy (-5) AT J. A. Philip (5-)</p>	<p><b>JAPON<sup>7</sup></b> JAPAN<sup>7</sup></p> <p>H E. H. Norman (8-) FA J. E. Kenderdine (8-)</p>
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NOTES

<sup>1</sup> Le mois où un représentant a quitté ou est arrivé à une mission pour assumer de nouvelles fonctions ou a changé de titre est indiqué entre parenthèses à côté du nom. Les absences en raison de vacances ou de participation à des conférences dans d'autres pays ne sont pas notées. Le symbole N signale un représentant qui a été nommé à un poste en 1946 mais qui n'est pas arrivé à la mission avant 1947. Afin de simplifier la présentation, les grades militaires ont été omis.

<sup>2</sup> J. D. Kearney fut nommé haut commissaire en Inde au mois de décembre.

<sup>3</sup> Aussi ministre au Luxembourg.

<sup>4</sup> Aussi ministre au Danemark.

<sup>5</sup> Vice-Consul honoraire.

<sup>6</sup> Mission militaire canadienne auprès de la Commission alliée de contrôle en Allemagne.

<sup>7</sup> Mission de liaison canadienne accréditée auprès du Commandement suprême des Puissances alliées au Japon.

<sup>8</sup> Faute d'espace, seulement l'endroit où se trouvait le bureau de chaque délégué commercial est indiqué. La description du territoire dont s'occupait chaque délégué n'est pas présentée ici.

\* Indique un délégué commercial qui faisait partie du personnel d'une mission.

NOTES

<sup>1</sup> The month in which a representative left or arrived at a post to take up new duties or obtained a new title is indicated in parentheses beside the name. Absences for vacations or participation in conferences held in other countries are not noted. The symbol N designates a representative who was appointed to a position in 1946 but who did not arrive at the post before 1947. Military ranks have been omitted to simplify the presentation.

<sup>2</sup> J. D. Kearney was appointed High Commissioner in India in December.

<sup>3</sup> Also Minister in Luxembourg.

<sup>4</sup> Also Minister in Denmark.

<sup>5</sup> Honorary Vice-Consul.

<sup>6</sup> Canadian Military Mission to the Allied Control Commission, Germany.

<sup>7</sup> Canadian Liaison Mission accredited to Supreme Commander for the Allied Powers in Japan.

<sup>8</sup> Only the location of the offices of the Trade Commissioners are indicated here. The territory for which each Trade Commissioner was responsible is not described.

\* Indicates a Trade Commissioner who was a member of the staff of a mission.

DÉLÉGUÉS COMMERCIAUX—TRADE COMMISSIONERS<sup>8</sup>

<p><b>ARGENTINE</b> ARGENTINA</p> <p>J. C. Depocas (-6)* E. H. Maguire (3-)*</p>	<p><b>AUSTRALIE</b> AUSTRALIA</p> <p><i>Sydney</i> A) K. F. Noble (-2) C. M. Croft (2-)* <i>Melbourne</i> F. W. Fraser*</p>	<p><b>CONGO BELGE</b> BELGIAN CONGO</p> <p>L. H. Ausman (10-)</p>	<p><b>BELGIQUE</b> BELGIUM</p> <p>M. B. A. MacDonald*</p>	<p><b>BRÉSIL</b> BRAZIL</p> <p>M. Bélanger* W. B. McCullough (9-)*</p>	<p><b>MALAISIE</b> BRITANNIQUE BRITISH MALAYA</p> <p>A. Wilding (4-)</p>	<p><b>ANTILLES</b> BRITANNIQUES BRITISH WEST INDIES</p> <p><i>Trinité</i> T. G. Major (2-) <i>Jamaïque</i> Jamaica M. B. Palmer</p>	<p><b>CHILI</b> CHILE</p> <p>M. J. Vechslér (-3)* J. L. Mutter (7-)*</p>	<p><b>CHINE</b> CHINA</p> <p>L. M. Cosgrave (11-)*</p>	<p><b>COLOMBIE</b> COLOMBIA</p> <p>M. T. Stewart</p>	<p><b>CUBA</b> CUBA</p> <p>R. G. C. Smith (1-)*</p>	<p><b>ÉGYPTE</b> EGYPT</p> <p>R. Grew (-2) A) R. C. Smith (2-)</p>	<p><b>FRANCE</b> FRANCE</p> <p>Y. Lamontagne* J. H. Tremblay (4-)*</p>	<p><b>GRANDE-BRETAGNE</b> GREAT BRITAIN</p> <p>A. E. Bryan* H. L. E. Priestman (-2) W. B. Gornall* R. P. Bower (2-)* R. D. Roe (2-)* <i>Liverpool</i> A. E. Bryan (-4)* M. J. Vechslér (4-) <i>Glasgow</i> G. B. Johnson</p>	<p><b>GUATÉMALA</b> GUATEMALA</p> <p>C. B. Birkett (9-)</p>
<p><b>HONG KONG</b> HONG KONG</p> <p>K. F. Noble (7-) A) C. R. Gallow</p>	<p><b>INDE</b> INDIA</p> <p>P. Sykes (-2) A) G. A. Browne (2-)</p>	<p><b>IRLANDE</b> IRELAND</p> <p>E. L. McColl H. L. E. Priestman (2-)</p>	<p><b>ITALIE</b> ITALY</p> <p>J. P. Manion (-9)</p>	<p><b>MEXIQUE</b> MEXICO</p> <p>D. S. Cole*</p>	<p><b>PAYS-BAS</b> NETHERLANDS</p> <p>J. A. Langley*</p>	<p><b>TERRE-NEUVE</b> NEWFOUNDLAND</p> <p>J. C. Britton</p>	<p><b>NOUVELLE-ZÉLANDE</b> NEW ZEALAND</p> <p>C. B. Birkett (-2) P. V. McLane (10-)*</p>	<p><b>NORVÈGE</b> NORWAY</p> <p>S. G. MacDonald*</p>	<p><b>PÉROU</b> PERU</p> <p>W. G. Stark*</p>	<p><b>PORTUGAL</b> PORTUGAL</p> <p>L. S. Glass (1-)*</p>	<p><b>AFRIQUE DU SUD</b> SOUTH AFRICA</p> <p><i>Johannesburg</i> H. L. Brown (-4) J. H. English (6-)* <i>Le Cap</i> Cape Town H. L. Brown (-7) S. V. Allen (7-)*</p>	<p><b>SUÈDE</b> SWEDEN</p> <p>F. H. Palmer (5-)</p>	<p><b>ÉTATS-UNIS</b> UNITED STATES</p> <p>H. A. Scott* <i>New York</i> J. A. Strong* <i>Los Angeles</i> T. J. Monty (-9) V. E. Duclos (10-) <i>Chicago</i> J. M. Boyer</p>	<p><b>VENEZUELA</b> VENEZUELA</p> <p>C. S. Bissett (4-)*</p>







